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NEWS SUMMARY

GENERAL

India in crisis as premier resigns

Indian Prime Minister Charan Singh resigned after only 24 days in office and plunged his country into a new political and constitutional crisis.

He announced his decision minutes before he was to face a confidence vote. At an emergency Cabinet meeting it was decided that he should recommend President Sanjiva Reddy to dissolve the Lok Sabha (Lower House of Parliament) and seek fresh elections.

If President Reddy rejects the dissolution advice he is expected to accept an offer by Opposition leader Jagjivan Ram to form a Government. *If so*, he would be the first Harijan (Untouchable) to become Prime Minister. Back Page, Jaguar deal in doubt, Page 3.

Councils warned

The Government will introduce legislation in the autumn allowing it to close council direct labour organisations which have been consistently unsuccessful. It is proposed that DLO's rates of return should compare with those of the private sector. Page 6

Iran guns order

Iran's revolutionary leaders ordered all "armed parties and groups" to hand in their weapons and banned 22 more news publications. The Kurds were urged by Ayatollah Khomeini to hand over two prominent leaders to Government officials for trial. Page 3, Editorial Comment Page 14

Transplant cheer

Heart transplant patient Keith Castle could leave hospital within 10 to 12 weeks if all goes well, said surgeon Terence English, who performed the operation.

No DPP action

Director of Public Prosecutions is to take no action against the National Liberal Club after a Scotland Yard investigation of allegations of homosexual assault and financial irregularities at the club.

Hunt for youth

A police search for an "extremely dangerous" youth sought after a shooting incident last week switched to Newark, Notts., when a car he was thought to have stolen was found abandoned. The youth, named as Orestes Barbouris, 17, was believed to have held up a post office yesterday.

Italian clash

A bitter clash between Italian left-wing groups is threatening to end the political truce agreed by the main parties which led to the formation of a new government earlier this month. Page 2

Botham's 137

Somerset's Ian Botham scored 137 in the third Test at Headingley to enable England—80 for 4 at start of play—to reach 270 all out. India lost two wickets for 10 runs before rain stopped play.

Briefly . . .

East coast train services between London and Edinburgh resumed, five months after tunnel collapse in Scotland blocked line.

Brabham and Alfa-Romeo announced that they were ending their collaboration in constructing grand prix cars after this season.

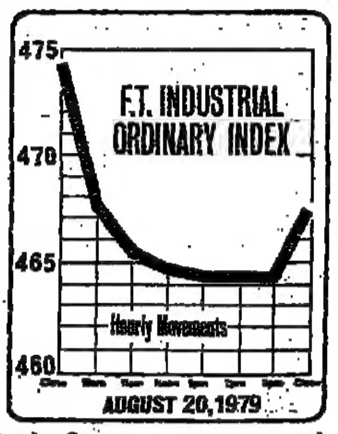
Car bomb killed seven people in the mainly Christian eastern section of Beirut. Page 3

Trial of five Chinese accused of extortion adjourned for day in Glasgow when four interpreters said they were not paid enough.

BUSINESS

Equities lose 6.8; Gold off $\$1\frac{1}{4}$

● **EQUITIES** were depressed by the gloomy economic and industrial forecasts and nervousness before the July



trade figures were announced. The FT 30-share index recovered a little in late dealings to close at 467.4, down 6.8.

● **GILTS** regained early losses encouraged by the July trade figures and the Government Securities index was unchanged at 73.54.

● **STERLING** touched a low of $2.2065 in early trading but recovered to close at $2.2220, up 40 points. Its trade-weighted index rose to 70.9 (70.7). The dollar's index remained at 84.7.

● **GOLD** fell $1¼ in London to $298¾. In New York, Comex August settlement was $279.90, down 30c.

● **WALL STREET** closed 3.16 higher at 886.52.

● **HONG KONG**: Share prices fell sharply, the Hang Seng index losing 22.27 to 591.81.

● **CONSORTIUM** of seven international banks will provide the U.S.-based Kerr McGee group with a £68m loan to help develop the North Sea Beatrice Field. Back Page

● **CARTER ADMINISTRATION** is trying to involve three companies, including a BP subsidiary, in a financing deal to clear the way for the 4,800-mile Alaskan natural gas pipeline. Back Page

● **INSTITUTE** of Directors has asked for an urgent meeting with the Prime Minister to discuss the taxation of fringe benefits. Page 5

● **JAPANESE** textiles exports to the U.S. will remain free from quantitative limits for three years from January 1 this year under a new bilateral agreement.

● **MOSTEK**, the Dallas microelectronics company, in a settlement, has agreed to withdraw its lawsuit against INMOS, the National Enterprise Board's subsidiary. Page 5

● **GLASS CONTAINER** prices may rise, warns United Glass, following a 50 per cent fall in its half-year profits. Page 6

● **THE TUC** has published a list of demands that unions should consider when negotiating "new technology agreements." Page 7

● **CLERICAL STAFF** have ended a 15-week strike in the Post Office's telephones section with a pay deal worth 16 per cent on average. Page 7

COMPANIES

● **CONTINENTAL** Corporation, the U.S. insurance concern, bought a 20 per cent stake in Stenhouse Holdings, the UK insurance broker, in a £8.2m deal. Page 16

● **RELIANCE GROUP**, the U.S. insurance concern, is bidding 300p a share for 20.1 per cent of the fully diluted share capital of Rothschild Investment Trust in a £16.25m offer. Bake Page

● **DUNBEE-COMBEX-MARX**, the toy group, is likely to achieve the proposed flotation of its do-it-yourself and industrial interests through a rights issue. Page 16

£100m July surplus but £1.8bn deficit so far in 1979

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The UK had a surplus in July on the current account of its balance of payments for the first time in 1979. But there has still been a very large underlying deterioration so far this year compared with 1978.

The July surplus was £100m, compared with a deficit of £200m in the previous month, on a seasonally-adjusted basis. But the Whitehall view is that this probably exaggerates the improvement since the movement in both exports and imports may have been particularly favourable last month.

The Department of Trade also announced yesterday estimates for the monthly figures earlier in the year, after allowance had been made for the distortions to the flow of information caused by the Civil Service dispute.

This confirmed the earlier suspicion that about £900m had not been recorded at the time so that the current account deficit for the first half turns out—as expected—to have been £1.9bn and £1.8bn after seven months.

Sterling rose by a cent immediately after the announcement in generally thin markets. The rate finished 40 points up on the day at $2.2220 after touching a low of $2.2060, at which level the Bank of England may have intervened. The trade-weighted index of sterling's value against a basket of other currencies closed 0.2 points up on the day at 70.9 after falling to 70.4 in the morning.

The overall message is still fairly bleak and is much worse than the Treasury expected in its mid-June Budget forecasts, when it projected a deficit of £750m for the first half and balance in the second half.

The outcome is a switch from a monthly surplus of £100m in the second half of last year to an average deficit of £257m in

BALANCE OF PAYMENTS
£m seasonally adjusted

	Visible trade	Invisibles	Current account
1979*			
1st	−1,600	+400	−1,200
2nd	−1,100	+300	− 700
Jan.	− 100	+100	0
Feb.	− 800	+100	− 600
Mar.	− 700	+100	− 600
Apr.	− 300	+100	− 200
May	− 400	+100	− 300
June	− 300	+100	− 200
July	0	+100	+ 100

* Figures may not add up because of rounding to nearest £100m.
Source: Department of Trade

the first seven months of this year. This is in spite of a decline over the period in the monthly deficit on oil trade from £163m to £70m thanks to rising North Sea production and higher oil prices.

The Department of Trade believes this may overstate the deterioration in the trade performance because of "certain abnormal adverse factors" affecting exports and an "erratically large" rise in imports.

In particular, difficulties in the Iranian and Nigerian markets may have reduced sales by £100m a month and some exports may have been permanently lost because of the road haulage dispute in the winter.

Imports, especially of road vehicles and semi-manufactured goods, may have been artificially boosted by a temporary build-up of stocks ahead of the early summer consumer boom.

All these factors, however, provide only a partial explanation and there has been a further rise in the share of the UK consumer and capital goods market taken by imports. The British share of world trade has also probably declined.

Average export volume between January and July was marginally down on the second half of 1978 while over the same period import volume was nearly 11½ per cent up.

Within this overall change, the monthly pattern has been affected by the road haulage dispute which disrupted the flow of goods through ports in the first half of 1979.

Thus the switch from a current account deficit of £1.4bn between February and April to a deficit of £400m in the last three months is undoubtedly misleading.

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Balance of trade tables, Page 6

U.S. faces international row over air fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.S. Government faces an international civil aviation conflict as a result of efforts by its Civil Aeronautics Board to force world airlines to conform to U.S. internal laws on fare fixing.

More than 60 governments have already protested to the U.S. Government against the CAB's actions, which are regarded as going far beyond its rights in international airline affairs.

Many have urged the U.S. Government to order the board to drop its plan, which is widely regarded internationally as doing the U.S. considerable harm.

The row arose over an attempt by the board, which governs U.S. civil aviation affairs, to outlaw the fare-fixing methods of the International Air Transport Association, which represents more than 100 airlines from almost as many countries, many of them flying to the U.S., or carrying U.S. citizens between countries outside the U.S.

Last year, while in the middle of its fight to de-regulate civil aviation inside the U.S. to cut fares and stimulate competition, the board issued what it called a "Show Cause" order on foreign airlines, through the IATA.

This required those airlines to give reasons why the U.S. should not withdraw from IATA *and its member-airlines* their immunity under the U.S. anti-trust laws, because their fare-fixing methods were illegal in U.S. law.

One U.S. airline, Delta, left IATA immediately. Others, including Pan American and Trans World, are reconsidering their membership.

IATA revised its fare-fixing methods. Now, any member-airline can participate in the legal, safety, technical and other affairs of the association but does not have to take part in fare-fixing.

This has not satisfied the CAB, which is pursuing its "Show Cause" order vigorously.

The Board recently held meetings in Bogota, Brussels and Nairobi to explain its position.

At those meetings, the International civil aviation community expressed unanimous hostility to the Board's actions. All the governments involved made it clear that they would not accept U.S. encroachment on their rights and interests.

They asked for the continuation of the multi-national method of fare-fixing through the IATA, under the association's own revised rules which become effective on October 1.

The Governments all said they wanted more detailed consultation with the U.S. before any further changes in fare-fixing methods were agreed.

"The very strong negative reaction from abroad must pose serious questions for the U.S. Government, particularly for the State Department which has to be concerned about its foreign relations posture and other nations' sovereign rights," says IATA.

The European Civil Aviation Conference, representing 22 governments, has called for a special international conference to discuss the CAB's action.

Shell UK makes first-half profit

BY RAY DAFTER, ENERGY EDITOR

INCREASED North Sea oil production and improved trading conditions helped Shell UK to return a £122m profit in the first half of this year compared with a £22m loss in the corresponding period last year.

The group suffered losses totalling about £60m over the last three years.

Shell's year-end results could be even better. Mr. John Raisman, managing director, said cash flow for the first six months remained in deficit as a result of high capital expenditure. The company might break-even in cash flow terms in the July-December period.

Shell was continuing to invest between £400m and £500m annually, the bulk going towards developing North Sea oilfields. The company has already spent, or expects to commit some £4.5bn on exploiting offshore fields such as Brent, Cormorant, and Fulmar. Esso, its North Sea partner, is committing a similar sum.

Shell UK's North Sea production reached 158,000 barrels a day in the first half of this year, compared with 51,000 b/d in the same period last year. The increase, said Mr. Raisman, more than offset the substantial price increase of oil bought from other companies. As a result the cost of purchases and operating expenses fell to £656.9m as against £718.9m in the first six months of last year.

Like its parent—Royal Dutch/Shell group—Shell UK saw its profitability boosted by stock appreciation arising from the increase in crude oil prices. The amount of this stock profit during the first half was about £45m.

Shell's sales revenues also reflected the higher crude costs. They rose by 17 per cent to £1.1bn in the first six months, although the volume of pro-

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Front will come to London—Nkomo

By Michael Holman in Lusaka

The Patriotic Front will attend the London constitutional conference, Mr. Joshua Nkomo announced here yesterday.

The Front's decision means that all main parties to the Zimbabwe Rhodesia dispute will attend the Lancaster House talks next month.

However, Mr. Nkomo, back from talks over the weekend in Dar Es Salaam with Mr. Robert Mugabe, the co-leader of the Patriotic Front, objected to certain features of Britain's outline for a Rhodesian settlement.

"We have decided that we will go to the conference in London," Mr. Nkomo said, but added: "Because of the war Britain can no longer be regarded as the sole constitutional authority in Rhodesia. We now control large slabs of the country and Britain has lost its sole constitutional authority. This responsibility will have to be shared between Britain and the Patriotic Front."

Mr. Nkomo said the Front would not accept Britain as the supervisory authority during elections, but would accept a United Nations role during any transition period.

Earlier, in a joint statement, the two leaders said the UK Government was biased and had forfeited any right to supervise the future of its breakaway colony.

The rejection of full British responsibility is at odds with the Commonwealth Conference statement on Zimbabwe Rhodesia agreed earlier this month. This "fully accepted that it is the constitutional responsibility of the British Government to grant legal independence to Zimbabwe," and was endorsed by two of the key frontline states at the summit—Zambia and Tanzania.

Anthony Hawkins writes from Salisbury: The Patriotic Front's decision was dismissed as being "of academic interest only" by a Salisbury Government spokesman yesterday.

The spokesman said the object of the London conference on September 10 was to agree a constitution with the British Government and this involved government to government negotiations between Salisbury and London.

"As far as this Government is concerned there is no point in the Patriotic Front being there," the spokesman added.

More men act over shipyard cuts

BY OUR LABOUR STAFF

PRESSURE ON shipbuilding unions to take a stand against the closures and redundancies announced by British Shipbuilders mounted yesterday.

Two more Scottish yards voted to ban overtime and hold back launches, and Sunderland Shipbuilders in Tyne and Wear banned overtime after 4,000 workers walked out for the day in protest at the news of 550 planned redundancies there.

One of the Scottish yards, Yarrow Shipbuilders on the Clyde, is a profitable warship-builder and employment there is to be increased. But the 4,500 workforce decided to support the stand taken by the nearby Govan and Scotstoun yards.

At the other, Robb Caledon in Dundee, which is to be closed, 1,100 men held a one-day strike. The launching of a 4,500 dwt bulk carrier for Poland and a naming ceremony for a second hull, which was scheduled for tomorrow, have been cancelled.

A march through Glasgow yesterday, originally planned as part of the industrial action by engineering workers, turned into a demonstration of solidarity with shipyard employees facing redundancy. Other Scottish yards may join the action and men at Scott Lithgow on the Lower Clyde are to vote today.

Shop stewards from throughout Scotland will meet before Thursday's conference of shipbuilding unions in Newcastle, and are likely to demand that all nationalised yards in the UK refuse to complete ships until management rescinds the closure and redundancy decision.

They will put forward an alternative policy — to be outlined by Govan shop stewards today — calling on the Government to take measures to stimulate shipbuilding, including giving grants to shipowners to scrap old vessels and build replacements.

Mr. Joe McGovern, convener of Yarrow's, said that representatives of Scottish yards would be going to Newcastle with a united policy. "There is tremendous feeling about these closures, and the lay delegates will be telling the unions that we want something done about it. Quite plainly, everyone is going to fight to preserve jobs," he said.

The effect of the action at Yarrow will be to delay the launching of one of two support ships being built for Iran and the handing over to the Royal Navy of a Type 22 frigate, scheduled for December.

At Govan and Scotstoun there are nine bulk carriers for Poland, two awaiting launching and the rest being outfitted. Robb Caledon has three bulk carriers, also part of the Polish order.

Under plans announced by British Shipbuilders last week, the North Sands yard at Sunderland Shipbuilders will cease to build ships, but will be retained as a fitting-out berth for the company.

Sunderland Shipbuilders has an order book through to 1981 and is negotiating for two 31,000 ton bulk carriers for an unnamed British company.

Meanwhile, at the Swan Hunter shipbuilders' consortium on the Tyne—the biggest of British Shipbuilders' units—there was no industrial action yesterday following the disclosure that 8,000 redundancies are wanted nationally by British Shipbuilders.

However, a demarcation dispute at Swan Hunter's Hebburn shipbuilding dock between boilermakers and electricians, that has resulted in the 250 men working on a Polish order bulk carrier being sent home, remained unresolved.

Mr. Alex Fletcher, Scottish Industry Minister, said the Government was considering making Clydeside and Dundee special action areas with programmes similar to those in the East End of Glasgow and Clencarnock, which have been badly hit by steel industry closures.

These schemes would involve the Government, local authorities and the Scottish Development Agency, and aim to encourage the creation and growth of small companies.

There were moves to break the deadlock in the national engineering pay dispute yesterday as the third one-day strike took place. Sir John Boyd, Amalgamated Union of Engineering Workers general secretary, said the unions had accepted an invitation to meet the Advisory Conciliation and Arbitration Service. But ACAS could not confirm this. Back Page

£ in New York

—	Aug. 20	Previous
Spot	$2.2145-2160	$2.2120-2140
1 month	0.56-0.50 dis	0.47-0.38 dis
3 months	1.55-1.31 dis	1.38-1.25 dis
12 months	4.52-4.40 dis	4.55-4.50 dis

CHIEF PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES		
Exchequer 11¾pc 1984 (£30 pd.)	£30¼	+ 3/16
Albion	37	+ 4
Chesterfield Props.	270	+ 27
Dundonian	49	+ 6
Gordon (L.)	45	+ 5
Sunbeam Wolsey	44	+ 4
Utd. Carriers	142	+ 10
FALLS		
Allied Colloids	118	− 6
Barclays Bank	430	− 10
Bestobell	204	− 6
Blue Circle	272	− 9
Burton "A"	262	− 10
Dale Elect.	118	− 11
Fairview Estates	225	− 11
GEC	386	− 6
Grand Metropolitan	141	− 4
Harris Queensway	268	− 10
Henlys	101	− 5
House of Fraser	143	− 4
Lex Service	98½	− 4
MFI Furniture	158	− 6
Myson	89	− 4
NatWest Bank	332	− 8
Peak Invs.	8½	− 2
Perry (H.)	151	− 7
Redland	180	− 8
Stylo Shoes	212	− 8
Trusthouse Forte	140	− 5
Siebens (UK)	266	− 16
De Beers Defd.	372	− 12
Doornfontein	298	− 12
West Driefontein	£23	− ½

WEST GERMAN SOCIAL DEMOCRATS UNLIKELY TO DEMAND HALT TO ATOMIC POWER

Nuclear opponents losing ground

BY JONATHAN CARR IN BONN

FEARS THAT West Germany's ruling Social Democrat Party (SPD) might come out against continuing use of nuclear power appear to be receding. This, in turn, seems to reflect increasing public acceptance here that atomic energy has at least a temporarily vital role, despite the near-disaster in the Harrisburg reactor in the United States.

Immediately following the Harrisburg affair, opponents of atomic energy within the party gained ground under the eloquent leadership of Herr Erhard Eppler, a former federal Cabinet minister. It seemed they might raise enough support to push through a resolution demanding a halt to development of nuclear power at the party congress in West Berlin in December.

This would strain the government coalition with the liberal Free Democrats, who came out in favour of nuclear energy, albeit under carefully-formulated conditions, at their congress in June.

It would also play into the hands of the opposition at the start of the 1980 general election year. Herr Franz Josef Strauss, the opposition's candidate for Chancellor, has made clear that the need for secure energy supplies will be a leading theme in his election campaign.

Preparatory work for the SPD congress now under way is producing a consensus that no complete halt to atomic power development should be demanded. There is bound to be a continuing dispute, however, on the exact conditions under which new reactors should be approved.

Indications are that the party will underline the energy priorities it set in 1977, namely: energy savings first, combined with development of new energy sources; a greater role for coal; and finally, use of atomic power to cover remaining needs.

Herr Horst Ehmke, chairman of the party's energy committee, said in an interview yesterday that he felt atomic energy might one day be replaced, but this did not appear possible in the next two decades.

Another leading SPD energy expert, Herr Ulrich Steger, has also underlined recently the need for nuclear energy. His statement carries more weight since he respresents a constituency in the state of North Rhine-Westphalia, which has most to gain from greater use of coal.

The wider change of mood on nuclear affairs seems partly to have been caused by the temporary oil shortage and rise in heating oil prices, which have doubled since this time last year.

Herr Horst Ehmke

Turkey's payments deficit falls

By Metin Munir in Ankara

TURKEY'S BALANCE of payments position has improved significantly. The current account balance in the first half of this year showed a deficit of \$115m, sharply down from \$897m in the same period last year.

The fall in the deficit is attributed to the tough economic measures agreed with the International Monetary Fund—particularly the devoluations of the Turkish lira earlier this year, which have led to a large rise in invisible earnings.

Turkey's exports in the first half of 1979 totalled \$1.18bn, 22 per cent higher than the first half of 1978. Imports rose just over 7 per cent to \$2.40bn. The trade deficit of \$1.22bn was little changed from last year.

The main factors behind the reduction in the current account deficit were big rises in workers' remittances, sent home from abroad, to \$1.09bn from \$342m, and in net earnings from tourism, to \$104m from \$36m. Both these areas were favourably affected by the currency devaluation.

The improvement in the balance of payments is an encouraging sign for the country's foreign creditors. However, imports are being held at a low level owing to continuing foreign currency constraints and at the expense of starving the local economy of imported raw materials and capital goods.

The IMF estimates that the trade deficit, which went down from a record \$3.63bn in 1977 to \$1.78bn in 1978, will be \$1.7bn in 1979.

Spacemen feel strain of life on earth

MOSCOW — Two Soviet cosmonauts, back on earth yesterday after a record-breaking six months in orbit, will probably have to wait several days before seeing their families.

Lieutenant-Colonel Vladimir Lyakhov and Engineer Valery Ryumin who landed their Soyuz-34 craft of Kazakhstan, are likely to stay at the Baikonur cosmodrome while their bodies readjust to life back on earth.

Reuter

Left-wing row threatens Italian party truce

BY PAUL BETTS IN ROME

A BITTER controversy between Italian left-wing groups threatens to end the brief political truce agreed by the main parties which led to the formation of a new government earlier this month.

The row has boiled up following an interview by Sig. Enrico Berlinguer, the communist secretary-general, in which he maintained that there could be no stable government in Italy which excluded the Christian Democrats.

The Communist leader rejected the possibility of a left-wing alternative formula for Italy and reiterated his long cherished concept of the "historic compromise." This is a broad collaboration between all the main parties, including Communists and Christian Democrats.

Although the Communist Party still insists it will only support a government in which it is directly represented, Sig. Berlinguer none the less appears to be indicating his willingness to resume the dialogue with the Christian Democrats which was broken during the last protracted government crisis.

This has infuriated the smaller Socialist and Social Democrat parties which, despite their limited electoral appeal, are holding the balance of power in Parliament while the Communists remain in opposition.

The Socialists, in particular, appear detrmined to use theoir present position in Parliament to launch another attempt to have one of their number nominated Prime Minister.

To this end they are looking to the Christian Democrat national congress in the autumn. The ruling party appears divided whether to reach an alliance with the Socialists or seek a compromise with the Communists, falling short of the latter's direct entry into government.

There are several Christian Democrat factions opposed to any dialogue with the Communists, but any arrangement with the Socialists would inevitably bring up again the question of a Socialist Prime Minister, so the choice is difficult for the Christian Democrats.

Indeed, the factions favouring an alliance with the Socialists are already preparing an attack against the Christian Democrat leadership, which last July blocked the attempt of Sig. Bettino Craxi, the Socialist secretary-general, to form a government.

However, the renewed rift among the Left is bound to come as a bonus for the Christian Democrats, whose national council meets on September 4 to set the date for the congress. It is also likely to reinforce the position of the leadership, which has been under pressure from several vociferous factions and personalities like Sig. Arnaldo Forlani, the former Foreign Minister.

On past form, the Christian Democrats are unlikely to split openly during the congress or to commit themselves to a rigid new policy line. In a sense, the party's record of survival is a consequence of its never having embarked on clearly defined policy.

However, Sig. Berlinguer's latest declarations are also likely to increase the unease and divisions within his party, which suffered its first major electoral setback in the general election last June.

This was largely interpreted as resulting from the failure of Sig. Berlinguer's policies of collaboration with the Christian Democrats. His return to such policies is expected to increase the internal debate in the party, which is trying to recover its electoral appeal and restore morale among its disillusioned rank and file.

Mitterrand seeks left-wing unity

BY ROBERT MAUTHNER IN PARIS

THE FRENCH Socialist leader, M. Francois Mitterrand, yesterday proposed a revival of the Union of the Left. This linking of Socialists and Communists came to grief in the autumn of 1977 over disagreements on joint economic and nationalisation programmes.

M. Mitterrand's proposals were couched in cautious terms intended to make them acceptable to the Communist party whose leader, M. Georges Marchais, has already rejected as unrealistic any agreement between the two parties' executives.

Taking M. Marchais at his word, M. Mitterrand, said that the Union of the Left could be recreated only step-by-step. He also accepted the Communist leader's suggestion that a start should be made by the adoption of common positions by the rank-and-file of both parties.

The idea behind this rather vague concept is that Socialist and Communist workers should join forces to combat the Government's economic policies which are already under heavy fire from nearly all the trade unions.

It is only after it has become clear that Socialists and Communists are willing to unite at the base that M. Mitterrand envisages an agreement between the party leaderships.

In theory, M. Marchais should welcome the Socialist leader's proposals since they run very much on lines that he himself has suggested. In practice, however, the Socialists and Communists have always found it very difficult to agree on joint action. Most observers are sceptical about the prospects for a new alliance built on such a fragile foundation.

Another factor militating against a new alliance is that the two parties are once again involved in a struggle for predominance within the Left.

M. Marchais stole a march on M. Mitterrand by returning earlier than usual from his holidays, and immediately launching a full-scale attack on the Government's economic policies. In doing so, he stressed that the Communists were the only real defenders of the working class.

M. Mitterrand's proposals for a resuscitation of the Union of the Left are intended to demonstrate that the Socialists are at least as anxious as the Communists to promote workers' interests. Moreover, if the Socialist proposals are rejected by the Communists, the latter can once again be blamed for the failure of the Left to unite.

Swiss land for foreigners

BY JOHN WICKS IN ZURICH

PURCHASES OF Swiss property by foreigners reached a new record last year. Cantonal and federal authorities approved all but 100 of 4,711 applications to buy Swiss real estate. The combined purchase price amounted to SwFr 1.3bn (£351m).

This brings the total value of such transactions for the period since the introduction of controls in 1961 to SwFr 9.73bn (£2.63bn).

Since 1961, as much as 48.4m squares miles of Swiss land (excluding apartment area as such) has been sold to foreigners. More than half of all sales have been to German and French buyers.

Election may be delayed in Portugal

By Jimmy Burns in Lisbon

THE PORTUGUESE general election could be delayed by an extension in the life of the present session of Parliament.

The 263-seat assembly should have been dissolved immediately following the approval at the weekend of the Government programme. But Dr. Maria de Lourdes Pintasilgo, the caretaker Prime Minister, has asked for special powers allowing her to make amendments to the 1979 budget and to round off a number of outstanding loan agreements.

By the terms of Portugal's constitution, the Government's powers to legislate on certain matters of economic policy are restricted without the specific approval of Parliament.

The unspecified budget amendments are expected to cover increases in expenditure This will make up for a delay in the adoption of certain taxes and compensate for the accelerated inflation.

The Government is also asking for powers to fulfil its domestic borrowing requirements to cover about 74 per cent of the budget deficit.

Muldoon expected to act on fuel crisis

A REPORT issued yesterday by New Zealand's Commission for the Future (a public body charged with assessing long term policy options) underlinde that the country has no real energy crisis, Keith Ovenden writes from Wellington. What it has is a liquid fuel crisis.

There is ample hydro-electric power — indeed more than enough as a result poor planning calculations in the past—a large off-shore natural gas field that has recently come on-stream, large deposits of lignite in the south of the South Island, and an abundance of forestry and agricultural sources of energy.

Petrol, and the other oil derivatives, have to be imported however, and they form a constantly increasing proportion of the country's chronic balance of payments deficit.

Evidence of the possibility of a strong government initiative on energy can be seen in the Government's declining popularity. It is widely believed that Mr. Robert Muldoon, the Prime Minister, will seek to reassert both his own position inside the party and his party's position in the country shortly and some energy initiative would be a natural place to start.

The problem of oil is a highly visible one, if only because the Government has made it so by closing all petrol stations throughout the weekends, and requiring that cars be left at home one day a week. The Government is under strong pressure to produce an energy policy that will satisfy public opinion and make economic sense.

The two are difficult to accomplish. Two major oil companies—Shell and Mobil—have put up schemes for using the Maui gas field resources in different ways. Shell wants to produce liquid methane which, given the economies of scale involved, would be largely for export. Mobil wishes to make synthetic petrol via methanol.

Petrocorp, a Government-owned corporation, has proposed a scheme to make petrol using the Fisher-Tropsch process, a coal conversion method employed by Sasol in South Africa, and also under investigation by the New Zealand Liquid Fuels Trust Board. BP has proposed a combined ethanol/urea plant.

Some officials are dubious about the technology involved in most of these schemes. A small country with limited capital resources should, they think, be cautious of any attempt to be a world leader in an area of investment that is unproven on a big scale.

Some consider that what the country should do is to diversify the economy generally, and trade its way out of the balance of payments deficit and into a position where it can afford the world market price of oil.

This more cautious view of economic realities, should it dominate in the Cabinet, would produce a policy with three elements: a stock-pile of petrol covering six or nine months current use (present reserves are at the ludicrously low level of 30 days); a proposal to build a methanol plant using one of the numerous available schemes, and designed to satisfy public opinion that the Government is meeting its demands; and a decision to delay further choices for at least a couple of years.

King Hassan pledges to defend Morocco's new Sahara territory

BY OUR RABAT CORRESPONDENT

KING HASSAN II of Morocco, in a rare Press conference, has said he is prepared to defend his country's latest acquisition in the Sahara by force of arms if necessary.

But the King seemed anxious not to antagonise neighbouring Algeria over the issue.

At his meeting with journalists in Fez late on Sunday, the King said that after taking over all of the Western Sahara evacuated by Spain in 1976, he had no further claims to any territory either in neighbouring Algeria or Mauritania.

He implied that he was satisfied with the "completion of Morocco's territorial integrity" now after the take-over last week of the Tiris el-Gharbia, the Mauritanian part of the Western Sahara which has become the "new Moroccan province of Oued Eddahab," and he said he was prepared "to go to the very limit" to defend his latest acquisition by force of arms.

He said the Algerian-Moroccan frontier agreed on in 1972 after a border war between the two countries would be formally ratified by Morocco "as soon as we are left in peace inside our frontiers," a reference to attacks on Morocco by the Algerian-supported Polisario Front which wants independence for the Western Sahara.

The Polisario recently warned it would carry guerrilla warfare "deep into the heart of Morocco," not just in the Western Sahara. But the Moroccans say this is an idle threat as the 125,000-strong Moroccan armed forces, supplemented by recently-formed People's Militia units in frontier areas, constitute a formidable force, although they are strung along a border of nearly 2,000 miles.

Although they are still linked by a mutual defence pact the King said he would no longer help to defend Mauritania againts Polisario attacks because the majority of the movement's members were Mauritanians and therefore he would consider any conflict between them as an internal affair.

But if the Polisario launched attacks on Morocco from Mauritania territory he would exercise "the right of hot pursuit" and if Algeria "sends tanks and planes" to Mauritania he would also intervene militarily.

The king said he could not say yet whether there was an immediate risk of war with Algeria, in fact he seemed anxious to avoid criticism of Algeria during the 90 minute news conference.

He said Colonel Moamer Gadaffy would be delighted if war broke out between Algeria and Morocco.

Defeated candidates fight result of Nigerian election

BY MARK WEBSTER

THREE OF the four candidates defeated in the Nigerian presidential election have said they will contest the verdict in court. At a Press conference here yesterday the three challenged the validity of the election which ended when Alhaji Shehu Shagari was named President-elect to take over from the present military regime on October 1.

The three are Chief Obafemi Awolowo of the Unity Party of Nigeria, Dr. Nnamdi Azikiwe of the Nigerian Peoples Party and Alhaji Waziri Ibrahim of the Great Nigeria Peoples Party.

The four defeated candidates registered their dissatisfaction with the way in which the Government's electoral watchdog, the federal Electoral Commision, declared Alhaji Shehu the winner. The commission used a controversial formula for interpreting the electoral law which said that a candidate must have at least one-quarter of the votes in two-thirds of the states before he could be declared winner on the first round.

Now three of the four defeated candidates have called on the federal military government to reverse the decision and declare a second-round ballot. Under the electoral decree the second round would be fought between the two leading candidates in an electoral college comprising the two federal Houses of Assembly—the Senate and the House of Representatives—and the members of the 19 state Houses of Assembly.

Third World presses for easier technology transfer

BY PAUL LENDVAI IN VIENNA

DR. KURT WALDHEIM, the UN Secretary-General, has called for action to combat the scientific and technological imbalance between the industrialised countries and the Third World.

Opening the largest ever UN Conference on Science and Technology for Development here yesterday, he urged the 4,000 participants, including some 60 Ministers and Secretaries of State from 135 countries, to move from "rhetoric to reality."

He stressed that 97 per cent of research and development is carried out in industrialised countries.

The conference is likely to be dominated by pressure from developing countries for easier access to technology, for the setting up of a special fund for financing the transfer of technology and for establishing a new central body to administer the fund.

David White reports from Brignoles in the south of France on the trail of havoc from this summer's forest fires

Mistral, mischief and misadventure turn the landscape to charcoal

THIS SUMMER'S forest fires in the south of France have taken on the proportions of a national calamity, and the authorities' response those of a belated war effort. In the last two days, the flames have encroached on suburbs of Marseilles and popular camping areas nearby. In two months, 70,000 acres, according to the official and lowest estimate, have gone up in flames; a third of that in one *departement*, the Var, in the space of four days earlier this month.

Tourists on their crowded way down to the Mediterranean find whole vistas turned into charcoal landscapes. They also find much stronger local reaction than to other years' fires. The destruction is the worst for a long time: 70,000 acres is slightly more than the annual average for fires in the whole of France over the last ten years. And this year's have come perilously close to big mainland populations. But there are more reasons than these conspiring to create a sense of near-outrage, which has overflowed into the political arena.

The cost is impossible to calculate. Since the forest here is barely exploited commercially, the main potential damage is to the ecological balance and to the region's most saleable asset, its natural beauty.

The firefighting bill has yet to be sorted out. And the cost of a longer-term programme, going beyond current reforesting schemes, to stave off further diminution of the Mediterranean woodland is unknown, since a policy has still to be formulated; it could prove impossibly high.

The local Press has dubbed the fires the "Red Tide" after the "Black Tide," which arrived on the Brittany coast from the wrecked tanker, Amoco-Cadiz, in the spring of last year. Like the oil-choked sea-birds, Provence's smouldering trees have become the focus of regional grudges. Local mayors are pressing the Government to declare the Var a disaster area. This would entail compensation of the sort received by the Bretons and by drought- and flood-hit farmers in recent years.

The Government is, naturally enough, coming in for its share of criticism. President Giscard d'Estaing, holidaying near the Var coast, was apparently not very well received when he visited la Londe-lès-Maures in the worst fire belt last Sunday. "Giscard au feu!" a banner read.

One of the *departement's* most active politicians, Sen. Maurice Janetti, Socialist Left-winger and Mayor of St. Julien, accuses the Government of "falling well short of its duties."

But the real culprit may be identified as the affluent society. Tourist wealth draws peasants from the land; thousands of people set up second homes in their places, acting out a return to nature and becoming unwitting accomplices in its devastation.

There are three immediate causes of the fires: Mistral, Misadventure and Mischief. The Mistral, the dry north wind blowing down the Rhone Valley, often at 50 to 60 mph, is the main catalyst. In July the region had strong winds for 13 days, the most since proper records started in 1962. Water levels were also at their lowest,

An ironic scene near Aix en Provence as French fire-fighters combat a blaze a few yards down the road from a sign warning against forest fires.

with no rain between May and last Thursday.

The fires are sparked off by human carelessness and malevolence, in uncertain proportions. "Natural causes are exceptional," states the Government's Forestry Service. Some accidental causes have been witnessed—a cigarette-end from a train near Agay, a detached cable at Brignoles.

But Commandat Lorho, head of France's squadron of fire-fighting Canadair aircraft, is convinced that most fires are started deliberately. Fire raisers have been spotted from helicopters, a Molotov cocktail found on a charred branch, a man arrested with home-made incendiary devices, and others held for questioning.

One village has organised vigilantes, and the Prefect of Var recalls that under French law fire-raising can be punished by death. There is a pyromania scare on.

The fire starts in the sprawling undergrowth, spreading slowly. By the time smoke is sighted, the scrub fire is already extensive. Its heat dries the trees. Everything then goes up in one rapid conflagration. A layer of imflammable gas forms above the tree-tops, becoming toxic after it is burnt. The fire is carried by the wind, by fleeing animals, by pine cones which become exploding projectiles.

The speed of events makes the firefighters' job much tougher than in northern forests. On August 10, 80 fires broke out in the Var. Around the village of la Garde-Freinet in hte Massif des Maures, a model fire-prevention scheme had been in place for 15 years, the forests of chestnuts, oaks and pines divided up like a chessboard with fire-barriers and water reserves.

But the flames whoofed it all up, and by morning had crossed the crest of the range. The massif lost more than 12,000 acres of woodland during the "Red Weekend" and la Garde-Freinet now stands in a blackened wasteland.

Troop reinforcements called in on the Friday were already arriving the following day from all four corners of France. In a few days the corps of 4,000 firemen and volunteers in the Var and the Bouches-du-Rhone was effectively doubled. The authorities have been criticised for loaving it until then.

"We knew perfectly well," says Commandant Lorho, "that this year would be catastrophic when the Mistral started. There should have been reinforcements as soon as the Mistral was forecast." The wind can be predicted 24 hours ahead with certainty, or three days ahead as a high probability.

In response to the criticism, the authorities can at least claim increasing success in stopping fires at an early stage. The country loses less woodland a year, says the Forestry Service, than either Spain or Italy, although it has a larger forest area. The death toll, thanks to the firemen's efforts and Dunkirk-style coastal rescues, has been miraculously kept down to two so far.

The main firefighting weapon is a fleet of 12 water-dropping Canadairs, with 24 pilots. Three of the Canadairs are kept in Corsida during the summer, with the remainder based outside Marseilles. The box-like amphibious aircraft, painted red and yellow, each take 5½ tonnes of water. It can be pumped aboard with a chemical additive to delay evaporation and give the trees a protective coating; more quickly, it is scooped up from reservoirs, the Rhone river, or the sea.

Over the last week the authorities have brought in "water bombs"—vinyl sacks carrying a tonne of water, suspended from Puma helicopters. The idea comes from Switzerland, which has provided the bags, but is as yet unproven. It is feared that the wind effect of the water bomb, dropped from 300 to 450 feet, may help extinguish small fires but could activate flames further afield.

A campaign has been started for the purchase of 50 Canadairs. The squadron itself wants six more, but cannot get them, since the aircraft is temporarily out of prodiction.

Even with blanket water-throwing, men are needed on the ground. The Government is recruiting a force of 1,000 foresters-cum-firemen, but it so far has only 16 units, totalling 128 men.

In some places, volunteers have resorted to "counter-fires"—lighting one deliberately to be drawn by the heat of the main fire and to halt it in its tracks. The technique is risky if it is not well controlled.

Large-scale fire-barriers are being built. In any case, nothing short of a 200-yard gap would have stopped the latest fires, according to experts.

A publicity campaign is being mounted to limit the number of outbreaks. The countryside is dotted with forlorn hoardings, reading "The forest — source of life," "Have pity on the forest" and "Do not burn me."

A programme to replant the forests has been started, with the backing of FFr 350m of EEC farm fund money. The aim is to develop traditional activities, such as cork, and to plant cedars, cypresses, and Mediterranean fir, rather than the pines which burn easily.

But experts seem to agree that the only serious answer is to clean up the undergrowth, which has spread untended in recent years.

"We have a forest which is economically of little use, and upkeep is expensive," says M. Pierre Maniere, the Var Prefect. "But it is the only way of conserving what is left of it."

The cost of clearance by hand is put as high as FFr 10,000 per hectare (£400 an acre), and further work would be needed every year.

Serge Rezvani, an Iranian-born novelist living at la Garde-Freinet, is campaigning for a revival of the "petit feu"—a time-honoured method of starting brush-fires deliberately in the off-season. This means of clearance now requires special commission. Experts say it is risky unless done regularly, keeping the brush low; in Corsica it has been blamed for many fire outbreaks.

As the traditional peasant activities and the flocks of sheep and goats disappear, the French Mediterranean region's 10m acres of forest become increasingly overgrown.

The influx of visitors, especially to Corsica, has multiplied in the last 15 years, adding to the danger. There have always been fires, but the big ones are a modern phenomenon.

It is a regional problem, then. The Cote d'Azur, with its heavy and light industry, chic hotels and mass tourism, has turned its back on the rugged, splendid but hard country behind. In many parts of the Var, and more so in the neighbouring Alpes-Maritimes, secondary residences outnumber principal homes. The forest no longer looks after itself.

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Demonstrators in Tehran demanding to be sent to fight the Kurdish rebels in Western Iran.

Troops move to silence Iran's Kurdish rebellion

BY ANDREW WHITLEY IN TEHRAN

THE LONG expected crackdown on all forms of dissent in the Islamic republic of Iran as well as on the existence of independent armed groups appears to be underway.

Ayatollah Azari-Qomi, the Revolutionary Prosecutor-General yesterday ordered all "armed parties and groups" to hand in their arms "wherever they may be hidden." Failure to comply would be dealt with severely, he warned.

At the same time another 22 news publications have been banned. The latest swathe of closures leaves only a handful of committed pro-regime newspapers functioning.

Continuing what have become daily tirades against his opponents, especially pro-autonomy Kurds, Ayatollah Khomeini has now called on the Kurds themselves to capture two of their most prominent religious and political leaders, Sheikh Ezzeddin Hosseini and Dr. Abdurrahman Qassemlou, and hand them over to Government officials for trial.

Ayatollah Khomeini described the Kurdistan Democratic Party (KDP) as the "devil's party," affiliated to the U.S. and Zionism. It was the Kurds' religious duty he said to prevent their youth from joining the party, and to inform the army of its hide-outs.

Feeling is still running high among Persian-speaking Shia Muslims — the largest community in Iran and Khomeini's political base—over the weekend's bloody events in Kurdistan. The funeral ceremonies in Tehran for revolutionary guards killed in in the fighting were the occasion for emotional scenes and the closing, in respect, of the capital's important bazaar.

Disturbances appear to be taking place in much of Kurdistan and surrounding parts of western Iran, though details are hard to confirm. Revolutionary guards in Tehran claim that six towns, mainly Turkish speaking, are being attacked by "counter-revolutionaries" and members of the KDP.

Kurdish officials, however, say the army has taken over the Kurdish border town of Saqqez and is preparing to move on Mahabad, the centre of Kurdish resistance.

Some reports indicate that several hundred members of the Kurdish left-wing and supporters of the KDP were arrested yesterday in the provincial capital of Sanandaj. These reports also speak of arrests of activist Kurds in Tehran and Saqqez.

On the first day of debate in the Constituent Assembly the sole independent delegate, Mr. Rahmatullah Moghadam-Maraghei, spoke out against the authorities' action in the Kurdish region. He also criticised the way in which distinctions were being drawn between secular intellectuals and the clergy, to the detriment of the former.

The Revolutionary Prosecutor-General's order to hand in weapons will primarily affect the two main guerrilla organisations, the Marxist Fedayeen-e-Khalq and the Islamic radical Mujaheddin-e-Khalq. Neither group, each estimated to have between 1,500 and 3,000 hard-core members, is expected to comply.

Seven die in Beirut car blast

BY IHSAN HIJAZI IN BEIRUT

SEVEN PEOPLE were killed and several others injured yesterday in a powerful explosion in Christian east Beirut.

According to police officials, a booby-trapped car went off in the residential quarter of Ashrafiyah shattering windows and smashing parked cars. Most of the casualties were in cars passing at the time of the blast.

The radio station of the right-wing Phalange Party said that glass in 150 buildings was smashed. The booby-trapped car carried a counterfeit licence plate, the radio said, and investigations to identify the culprits were under way.

The Christian areas in Lebanon have lately been the scene of friction between rival Christian groups, mainly the Phalange Party and the "Marada Brigade," or militias from the northern town of Zgharta who are followers of former President Suleiman Franjieh.

Last week, Zghartawis disguised as monks attacked a road block manned by Phalangist militiamen in the district of Byblos north of Beirut, killed three of them and escaped. The feud between the two sides has been raging since Phalangist militias a year ago killed Mr. Franjieh's eldest son, Tony, and his family in an attack on the northern town of Ehden.

Ex-President Camille Chamoun, a prominent Christian leader, has called for a truce between the two factions.

David Lennon writes from Tel Aviv: The Israeli army moved swiftly yesterday against Jewish settlers who had occupied an Arab owned hilltop near their settlement on the West Bank.

The Defence Minister ordered the army to remove the settlers, who said the Government had failed to provide them with additional land as promised.

India crisis puts Jaguar deal further in doubt

By K. K. Sharma in New Delhi

INDIA'S WARRING political parties have picked on Britain's £1bn contract to sell Jaguar aircraft to the Indian air force as a central issue in their quarrel. As a result, the deal is in jeopardy. The resignation of Mr. Charan Singh's 24-day-old government increases uncertainty over its future.

The Jaguar deal has been chosen as a political football because it was signed while Mr. Jagjivan Ram, now leader of the opposition, was Defence Minister. Doubts over the propriety of the deal will tarnish his image, and so weaken him as a political force during the present scramble for power.

The leading critic of the Jaguar deal is Mr. Raj Narain, Chairman of the Janata (Secular) Party and a close confidant of Mr. Charan Singh. His statements on the Jaguar have not been entirely consistent, but include references to "circumstantial evidence" that pay-offs worth Rs 1.05bn were involved in the deal.

Officials in India's Defence Ministry and the air force say that the contract, signed in November last year, is in the country's best interest. If they had their way, the Jaguars would soon have been flying.

If Mr. Charan Singh had chosen to face the vote of confidence scheduled to start in the Lok Sabha (Lower House of Parliament) yesterday, and had survived the vote, then the issue would probably have been dropped.

The decision to buy the Jaguar was approved by Defence Ministry experts and the Indian air force. While admitting the aircraft had drawbacks, they unanimously felt the deal was the best available. The Cabinet, then headed by Mr. Morarji Desai, endorsed their opinions.

Scrapping the order would put back India's defence plans by several years, while penalty clauses in the contract will make cancellation extremely expensive.

Japan, U.S. textiles pact

TOKYO — Japan and the U.S. have concluded a new bilateral agreement on Japanese cotton, wool and man-made fibre textile exports to the U.S. The Japanese Foreign Ministry said the new agreement replaces the previous arrangement that expired at the end of last year.

Under the agreement, exports of Japanese textiles will, in principle, remain free from quantitative limits for three years from January 1 this year.

Reuter

DEFENCE DEBATE IN TOKYO

Japan looks to its allies

BY RICHARD C. HANSON IN TOKYO

NATO OFFICIALS meeting with Mr. Ganri Yamashita, the affable Director-General of Japan's Defence Agency, this week in Brussels may be surprised at how seriously the "no war" Japanese are taking their military these days. Moreover, Europeans who tend to think of Japan as their major commercial enemy will no doubt scratch their heads over how keen the defence chief will be to join hands against distant Japan's commonly perceived threat—the Soviet Union.

This trip by Mr. Yamashita is the second official visit by a Japanese defence chief to NATO (the first was in the spring of 1978 by Mr. Yamashita's predecessor). It is important because Japan is gradually lifting its military profile, in part to complement an expanding political role and in part to counter what its latest defence White Paper identifies as a weakening of the U.S. military position in the region vis-as-vis an expanding Soviet presence.

The Americans—with whom Mr. Yamashita consulted last week—want Japan to have a clearer idea of U.S. responsibilities in Europe (and the burden such a role carries). Japan perhaps needs some assurance that it does indeed have common interests with Europe as far as security is concerned, and that a more co-operative relation would bring mutual benefits. NATO at present pays little attention to Japan.

In Asia too, Japanese Defence Agency contacts with neighbouring states have begun to take on significance. Before visiting the U.S. (en route to Europe) Mr. Yamashita paid a visit to South Korea for discussions with his counterpart in Seoul. This was the first such trip by a Japanese Defence Agency chief although Japanese military and political leaders have always held to the view that conditions on the Korean peninsula play a crucial role in Japan's security and stability in Asia.

The meeting in Seoul (since it was the first) raised considerable speculation over the prospects of further exchange between the two and a build up of military ties between the U.S., South Korea and Japan. The official explanation for the trip was that it simply had been long overdue. It is highly unlikely at present that the South Koreans and Japanese will overtly attempt any direct military co-operation

The openness with which defence issues have been discussed in Japan over the past couple of years is somewhat startling when compared with the sixties an early seventies when the Vietnam war produced a strong antiwar movement in Japan (which served as a key staging area for U.S. forces). However since the war in Indochina, or at least since the U.S. involvement in it ended, a consensus has begun to form which holds that Japan must not depend nearly exclusively on a strong U.S. presence in Asia and the American nuclear umbrella and mutual defence pact

The implications of this consensus do not for the moment include a serious move to rearm on a scale large enough to make Japan the military power in the region (South Korea and Taiwan both have more men in arms than Japan). According to last year's defence White Paper (which first pointed directly to the Soviets as the major threat), there are only five circumstances which would push Japan into rearmament: an end to the effectiveness of the Japan-U.S. security system; deterioration of U.S.-Soviet relations threatening conflict which could develop into a nuclear war; an improvement in Sino-Soviet relations which would alter the basic confrontation now existing between the two; a deterioration of U.S. moves to improve relations with China; or conflict on the Korean peninsula.

Rearmament for Japan would mean devoting more than 5 per cent of its Gross National Product to defence, up from the 0.9 per cent share the defence budget takes at present.

Japanese defence planners, instead of pushing for major budget allotments, have chosen to upgrade the quality of the forces and at the same time to preserve Japan's expertise in defence industries which could be called upon if circumstances change.

The U.S. has pledged to improve its own military presence in Asia in the face of a growing Soviet presence, but the Japanese view is that the Soviets are expanding rapidly enough to be within reach of U.S. capability in some aspects. The Japanese became alarmed when the Soviets this year brought into the region a Kiev-class aircraft carrier, the Minsk, a guided missile cruiser and an amphibious assault transport dock. The new "backfire" bomber is also expected to be deployed in the East and the Soviets have built up their forces on the northern islands of Kunashiri and Etorofu, occupied by the Soviet Union after World War II but claimed as Japanese territory

The tone of the Defence White Paper this year has been criticised through the Japanese Press as "The Russians are Coming," overreaction to the Soviet buildup. American observers also downplay the military importance of bringing in ships like the Minsk

But Mr. Yamashita emphasised recently to a gathering of foreign correspondents that the position expressed in the White Paper about the Soviets was indeed the Government's unified stand. When asked whether, Japan planned an increase in its military role in the region to counter the Soviet threat, he answered by noting that present plans for improving the naval forces includes an additional 16 destroyers, five submarines and other vessels for a total of 39 ships through the mid 1980s.

With Japanese naval thinking already projecting itself strategically 1,000 nautical miles from Japan proper, it may be logical at some point to extend capabilities further to vital sea lanes over which oil is transported.

Time will be needed for Japan to establish its proper military role, but the debate is continuing in earnest, and as Mr. Yamashita commented concerning his busy schedules since assuming his post last year: "Time now flies like a missile."

Dispute over legal advice at Tarling trial

SINGAPORE—A prosecution witness clashed in court with defence counsel for British businessman Mr. Richard Tarling yesterday over whether Mr. Tarling's company had sought competent advice on Singapore company law.

Mr. Tarling is accused, as a director of Haw Par Brothers International, on five counts of failing to present a true and fair account of company profits in 1972 and 1973. The trial yesterday entered its third week.

In the box for his third day of evidence was Mr. Philip Grundy, the accountant appointed in 1975 by the Singapore Government to probe the accounts of Haw Par, a subsidiary of the British Slater Walker group.

In his interim report, published in December 1975 and on which, the defence says, the criminal charges were based, Mr. Grundy concluded that neither of the accountants Haw Par had consulted on setting up a unit trust fund in Hong Kong was competent to advise on the implications of this in Singapore.

Mr. Howard Cashin, defence counsel, cross-examining Mr. Grundy, suggested that Mr. Clive Warman, an accountant with the company of Arthur Young, Hong Kong, was consulted and was perfectly competent to give advice.

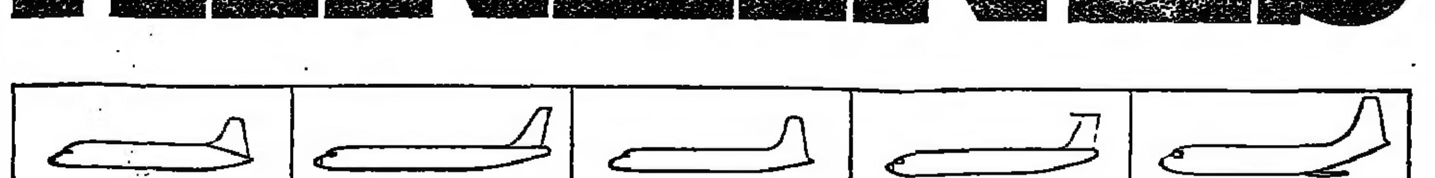
Mr. Grundy replied that not being in practice in Singapore, Mr. Warman could hardly be expected to be looked on as an expert in Singapore company law. Mr. Cashin said he understood that Mr. Warman was a senior partner of Arthur Young, not only in Hong Kong but also in Singapore.

To this Mr. Grundy replied that if Mr. Warman was practising in both places he was not aware of it.

Mr. Grundy later said that in his opinion there were two objections under Singapore company law to the Haw Par accounts for 1972. They did not reflect the effect of the creation of The Melbourne Unit Trust by Haw Par in Hong Kong. Further, he claimed they excluded from the Haw Par group accounts HK$36m (£3.08m), being the profits from two subsidiary companies — Grey Securities and Cobra — which were the assets of the unit trust.

However, Mr. Grundy agreed with Mr. Cashin's suggestion that these profits were shown in the 1972 balance sheet of the trust.

Reuter.



AMERICAN NEWS

Black leaders moving closer to Palestinians

BY DAVID BUCHAN IN WASHINGTON

BLACK AMERICAN leaders were due yesterday to meet the Palestine Liberation Organisation (PLO) representative in New York, in moves designed to establish closer links with Palestinians and to force a shift in the Carter Administration's policy on the Middle East.

Mr. Andrew Young, last week forced into resigning as U.S. Ambassador to the United Nations when news of a July meeting he held with the PLO representative first surfaced, apparently through Israeli sources, said on television over the weekend he had warned Israeli officials that a public row over his role would "create a constituency for the PLO" among black Americans.

His prediction seemed to have been borne out yesterday as Mr. Walter Fauntroy and the Rev. Joseph Lowery, respectively, the chairman and president of the Southern Christian Leadership Conference, planned to meet Mr. Zehdi Terzi, the PLO observer at the United Nations. The conference is a prominent black civil rights organisation, with which Mr. Young himself was long associated.

The National Association for the Advancement of Coloured People, another mainstream black lobby group, is to re-assess its view of U.S. policy on the Middle East at a meeting later this week.

A number of black organisations have also requested meetings with Israeli officials at the United Nations and with New York-based Jewish American groups, which are fearful about the fresh attention being paid the PLO from an important segment in the U.S., hitherto largely inactive on Middle East issues.

Mr. Andrew Young, interviewed on "Face the Nation."

Mr. Yigal Yadin, Israel's Deputy Prime Minister, speaking on U.S. television over the weekend, went out of his way to stress that Israel's protest, which precipitated Mr. Young's demise, was not directed at the black diplomat himself so much as a growing Israeli concern that his encounter was part of a wider pattern of State Department contacts with the PLO. If the U.S. Ambassador had been called "Jacob Goldstein," Israel would have protested just as loudly, Mr. Yadin said.

Meanwhile, the Carter Administration's efforts to win support for a compromise resolution in the UN Security Council this week, that would include some reference to Palestinian rights but not to a separate Palestinian state, have run into a further impasse.

Mr. Robert Strauss, the President's Middle East troubleshooter, was yesterday flying back from the area after being told in Jerusalem of Israel's strong objection to such a resolution and in Cairo by President Anwar Sadat of Egypt's misgivings about the U.S. plan. President Sadat was apparently concerned that the U.S. initiative in the UN, and the resulting Israeli reaction to it, could scupper the negotiations with Israel about autonomy for West Bank Palestinians.

Such has been the adverse reaction to the U.S. plan that Mr. Strauss is reported to be prepared now to try to persuade President Carter to drop the idea, which Mr. Strauss had let it be known he did not endorse in the first place.

It is not yet known whether Mr. Strauss will report his trip in person to Mr. Carter, who is still steaming down the Mississippi River on a working vacation. Over the weekend the President told reporters on the Delta Queen paddle boat that he had no plans to summon a new Camp David summit on the Middle East. Reports from Israel had suggested this might be done to clear the present confusion on U.S. policy and peace initiatives.

Mr. Carter also said he would wait until his river trip was ended this week before deciding on a successor for Mr. Young at the United Nations. He mentioned, though, that he had been encouraged to nominate Mr. Dick Clark, the former Democratic Senator from Iowa.

El Salvador hostages flee factory

SAN SALVADOR — At least 150 of some 200 workers held by a score of strikers at the Apex Textile factory have fled unharmed.

Mr. William Boorstein, the company's U.S. manager, a small group of management staff and some other workers remained in the building and were receiving supplies of food and medicine, witnesses said.

About 200 employees were in the factory when it was seized on Thursday by militant union members to press demands for wage increases. Workers who fled the building said about 20 strikers seized the factory, but they did not say if the men were armed.

About 100 Roman Catholic priests and nuns began fasting at El Rosario church on Sunday in protest against the military-backed Government of President Carlos Humberto Romero, which they accuse of persecution and violence.
AP

Somoza flies into Paraguay

ASUNCION — Gen. Anastasio Somoza, the ousted Nicaraguan President, has flown into Paraguay with relatives and friends, and has been accepted as a temporary resident, Sr Savino Augusto Montanaro, the Interior Minister, said yesterday.

Sr Montanaro said Gen. Somoza had guarantees to stay in Paraguay as temporary resident, but made it clear he had not been granted political asylum.

Asked if Paraguay would grant an extradition request from Nicaragua, Sr Montanaro said it would be considered if an extradition treaty existed and all the legal requirements were met.
Reuter

Brazil looks to farmers

BY DIANA SMITH IN BRASILIA

SR. DELFIM NETTO, Brazil's new Planning Minister is banking on greatly increased agricultural output. This would ease the pressure of rising food prices on inflation, and progressively lead to food exports in large quantities, so that it would be possible to live with rapid growth and high inflation in the next few years.

Sr. Netto plans no further restrictions on consumption of oil derivatives, he told Sao Paulo businessmen.

Filling stations now close at weekends and, to increase diesel output, petrol refining has been reduced by 10 per cent, using the heavy tar saved to make more diesel fuel.

Brazil imports close to 1m barrels a day of crude, and produces 960,000 barrels of derivatives.

The cost of imports will be over $7bn in 1979. This burden on the balance of payments has led the Administration to try to discourage petrol consumption and develop alternative fuels.

● Brazil has ordered a $18m methanol distilling plant from the Soviet Union, which has developed advanced technology for turning eucalyptus into methanol. The Government will spend at least $5bn in the next six years on methanol development, and $7bn on an ambitious coal production programme, for which it will draw on foreign expertise.

Bermuda takes hard line on bill for UK troops

THE Bermudan Government has told Britain that it should not have to pay any of a Bda$ 1.7m (£760,000) bill for calling in troops during riots in 1977.

At first, the island was thought to be querying only Bda$ 500,000 of the amount, but a harder line has been taken because Britain is responsible for Bermuda's security.

A three-man Bermudan Government delegation, which recently returned from London after meeting Foreign Office and Ministry of Defence officials, have indicated a willingness to pay some expenses and a contribution to the wages of 230 soldiers who spent two weeks on the island.

But the British Government has said it was made clear in a 1975 agreement that Bermuda would have to pay if troops were ever called in. Britain had at first demanded Bda$ 1.2m but later asked for Bda$ 500,000 more.

A high-ranking government official, who did not want to be named, said: "We are arguing that we should not have to pay any of the amount."

WORLD TRADE NEWS

Dutch trade gap narrows

By Charles Batchelor in Amsterdam

The strong performance of the foodstuffs, metals and chemical sectors helped reduce the Dutch visible trade deficit in the first-half of 1979, according to Central Statistics Office figures. The growth in exports outstripped expectations while imports were lower than forecast.

The deficit in the first half of 1979 fell to Fl 1.8bn (£400m) from Fl 2bn in the same period of 1978. Exports were Fl 61.8bn (£13.76m) while imports were Fl 63.6bn.

The trade picture in the first half was very positive and improved forecasts have now been made for the year as a whole, commented the Central Planning Office, which is the government's chief forecasting agency. Exports by volume are now expected to rise by more than 7 per cent compared with the earlier estimate of 6 per cent while imports are now forecast to rise by 3 per cent, compared with the original estimate of 4 per cent.

The Netherlands is expected to have a trade deficit of Fl 5.25bn this year compared with Fl 6.2bn in 1978. Based on last year's price levels the deficit would have been Fl 2.85bn this year but a worsening of the terms of trade will add Fl 2.4bn to the trade deficit.

In June alone a deficit of Fl 500m was recorded, Fl 200m more than in the same 1978 month. Exports were Fl 10.9bn while imports were Fl 11.4bn. When items such as oil and oil products, ships and aircraft are excluded from the figures a trade surplus of Fl 200m was recorded, compared with a balance trade position in June 1978.

Exports of textiles and clothing were below the average for industry as a whole in the first six months. Exports of oil products rose sharply, though much of this is believed to have been due to stock building, and a downturn is expected in the second half of the year, the Planning Office said.

India first quarter deficit

NEW DELHI—India's foreign trade balance showed a deficit of Rupees 2.6bn (£145m) during the first quarter (April to June) of the current financial year, according to provisional figures released by the Ministry of Commerce. The deficit compared with a surplus of Rupees 560m (£26.27m) a year ago, Reuter reports.

Revised figures issued by the Ministry showed a total deficit of Rupees 10.7bn (£597m) for the financial year 1978-79. The deficit for the current year is expected to be higher as a result of an increase in the oil import bill.

● Loading and unloading operations at Calcutta Port have come to a halt since the labourers employed by the Dock Labour Board went on strike last week. The workers' union say that the strike will continue indefinitely until the authorities consider favourably their demand for the introduction of incentive schemes.

Safeguard issue remains major GATT obstacle

BY BRIJ KHINDARIA IN GENEVA

NEGOTIATIONS for an international code to govern conditions under which Western governments may impose temporary import curbs on cheap products from the Third World are likely to resume in Geneva next month, despite the collapse in July of earlier rounds of talks.

The code is the most important element of a package of trade measures being completed under the Tokyo Round trade negotiations, which will regulate world trade during the next decade.

The earlier negotiations broke down because of a fundamental difference between developing countries and the Common Market about how any import curbs, called "safeguard measures" in Tokyo Round jargon, should be imposed.

"We have gone back to square one, and the discussions on safeguards are now in complete chaos," a diplomat from a leading developing country said.

The main dispute centres on Common Market insistence that it should be allowed to apply curbs whenever it wishes and against whichever supplier it chooses, if it judges that imports are harming the interests of domestic producers.

Developing countries refuse to budge from their basic stand that safeguard measures should be applied after consultation with and approval by an international committee, and should affect all suppliers equally. Another major argument concerns the criteria used to prove that domestic producers are being hurt by imports.

If further negotiations fail to produce results, an existing article of the General Agreement on Tariffs and Trade (GATT) which has so far ruled world trade, will continue to apply.

This requires that any safeguard measure can be taken only if it is applied on a most favoured nation (MFN) basis, meaning that imports from every source should be curbed, even if damage to the home industry is caused by imports from only one country.

This article is thought to need replacement because several Western countries, including Common Market members, have in the past interpreted it as allowing selective action against specific Third World exporters.

The director-general of GATT, M. Olivier Long, has suggested that a committee of contracting parties to GATT should be set up to "examine and take note of" new safeguard measures taken by any country.

The committee would also act as an umbrella under which further negotiations for a new code could be held, even after the other parts of the Tokyo Round package are put into practice.

Swiss watch exports in decline

BY JOHN WICKS IN ZURICH

EXPORTS by the Swiss watch industry in the first half of this year amounted to SwFr 1.49bn (about £400m) and were thus lower by 8.5 per cent than in the corresponding period of 1978.

This was due to a 10.4 per cent decline in the export of finished watches and one of 7.3 per cent in watch movements.

However, there was a sharp increase in foreign sales of electronic products, even although this was more than offset by the very marked fall in exports of low-price mechanical models.

A study published by Credit Suisse states that it is hardly likely that the industry—which depends to some 90 per cent on export business—will improve on last year's disappointing results.

Stocks are seen as too high, while the sector is still engaged in a process of structural alteration, its stress moving from cheap anchor and pin-lever watches to high-price anchor, quartz and electronic models.

The annual report of the Swiss Watch Chamber shows that in the past 20 years the watch industry's share in total Swiss export value has halved from 16.82 per cent to 8.22 per cent.

Estimates by the chamber put overall world output of watches and movements at 264.7m units for last year, compared with 256.7m for 1977. Within this growing figure, Swiss production dropped from about 68m units to 63m units.

Switzerland is still by far the biggest watch manufacturing country, but its share in the world market has dropped to 23.8 per cent.

World exports of watches and movements are reckoned to have risen last year to 173.9m (163.7m in 1977) units. The Swiss export volume simultaneously fell from 65.9m to 60.3m units, or 34.7 per cent of the whole.

Major competitors all showed a rise in exports in 1978, with Japan gaining a share of 17.8 per cent of the world export market, Hong Kong one of 12.5 per cent and the Soviet Union 10.3 per cent.

● An industrial exhibition is to be held in South Korea by Switzerland next summer, organised by the Swiss Trade Promotion Centre with government backing. To be called Swisskor 80, the Seoul show will feature exhibitors from the capital and consumer goods sectors and service undertakings.

Bids sought for Aqaba project

BY RAMI G. KHOURI IN AMMAN

JORDANIAN PLANS for a large new power plant at Aqaba, in the south of the country on the Red Sea coast, are now going ahead. The Jordan Electricity Authority has called for prequalification bids from international consultants for a turnkey contract to undertake feasibility studies and then design and supervise construction of a steam power station and desalination plant.

The size of the station was not specified in the prequalification documents but Mr. Ibrahim Badran, the authority's planning director, has said in recent Press interviews that a 300 megawatt station is required at Aqaba, with an allied desalination plant of not less than 20m gallons per day output.

The Aqaba plant would enter service by 1985 at the latest.

● General Electric has signed a $40m joint venture agreement with two Taiwan companies to produce steam turbine generators Reuter reports from Taipei.

General Electric officials said that under the joint venture project the company, together with Taiwan Power Company and the ruling Kuomintang Party's Central Investment Holding Corporation, will set up the United Saia Electric Company. General Electric and Taiwan Power will each hold a 45 per cent share while Central Investment Holding will have 10 per cent.

The project will eventually be expanded to $100m. The manufacturing unit, to be located in the Linhai industrial district near Kaohsiung in southern Taiwan, will turn out steam turbine generators of 500,000 kilowatts and larger. Initial production will be for Taiwan power's use, but future output will be geared to the export market, General Electric officials said.

Construction of the plant is scheduled to get under way soon, with the first generator to be ready in 1984, they added.

Jordan industries study

THE POTENTIAL for establishing import - substitution industries in Jordan to meet steadily rising local demand as well as the needs of the vast nearby Arab market is spelled out clearly in a new report by the economics department of the Royal Scientific Society.

The study examines 49 imported items and suggests that local industries could be profitably established for most of them.

The RSS report comes up with three lists, in order of priority, for establishing import-substituting industries. The first priority list consists of the following ten items: electricity, gas and liquid meters; locks and padlocks; printing ink; lamps and lighting fittings; furniture and parts; clothing; travel goods; tubes, pipes and their fittings; taps, valves and cocks; and bolts, nuts, nails and springs.

Jordan's total imports have risen sharply from dinar 76m (£115m) in 1971 to dinar 454m (£687m) in 1977. Exports have lagged far behind, leaving a trade deficit in 1977 of dinar 372m (£563m) or 61 per cent of gross national product.

$13m Brazil oil drilling contracts

Four foreign oil companies have agreed to invest at least $13m drilling for oil, on a risk contract basis, offshore from the Brazilian State of Maranhao, some 6,500 km north of Rio de Janeiro, writes AP-DJ in Rio de Janeiro. Petrobras, the Brazilian state oil monopoly, announced it had signed the contract with Chevron Amazon Petroleum, Union Oil Amazonas, Canam Offshore and CITC Corporation. The four are local units for Standard Oil of California, Union Oil of California, Ocean Drilling and Explorations Company and Cities Services Corporation. It was the 20th such contract signed by Petrobras since it decided to go into risk-contract operations with foreign companies three years ago.

Big boost for exports of business machines

Exports of computers, calculators, copiers and other business machines are likely to exceed imports of the same types of products by more than $4bn (£1,793.70m) in 1979, a U.S. industry group said, reports AP-DJ in Washington. In 1978, such exports exceeded imports by about $2.8bn according to the Computer and Business Machine Manufacturers Association. In the first half of 1979, U.S. exports of business machinery totalled more than $3.12bn, while imports were about $1.28bn.

Middle-East orders

THE International Airport Authority of India has won a contract from South Yemen to build an airport at Riyan, Tourism and Civil Aviation Minister Mohammed Shafi Qureshi said, writes AP-DJ in New Delhi. The contract is worth more than $27m (£12.1m).

Moores International Furnishings have won a contract to supply their Nouveau Range of kitchen furniture to the international airport complex at Riyadh in Saudi Arabia. The contract is worth nearly £250,000.

Bradfords, the Norwich company which has a workforce of only 40, has won its biggest-ever export order to supply £500,000 worth of hospital beds and stainless steel equipment for operating theatres to one of the Gulf states.

First Far East venture

Porvair have secured a £250,000 order from Hong Kong for "breathable," poromeric material, to be used in the production of footwear and luggage. It is the company's first Far East contract.

Esso to expand in Singapore

SINGAPORE — Esso Singapore plans to invest a further S$200m (about £40m) over the next three years in order to optimise its refining capacity, according to Esso's managing director, Mr. Terence Young.

In an interview with Singapore's Business Times, Mr. Young said Esso's refinery is operating at only 65 per cent of its 230,000 barrels a day refining capacity. "With these new investments, we will be able to optimise refining capacity," he said.

The planned investment will bring Esso's total investments in Singapore to more than S$800m. Of the S$200m, S$40m will be used towards energy conservation investments including insulation of refinery equipment, Mr. Young said.
Reuter

David Buchan in Washington reports on the political battle for ratification of the SALT II treaty with Moscow

Senate finds new focus on SALT II

THE POLITICAL backdrop to the SALT II arms treaty debate in the U.S. Senate has undergone a swift change which has improved the chances of the controversial measure being ratified later this year, though this has started a new row about the growth of defence expenditure.

The Senate's spotlight is no longer focused so much on the detailed provisions of the 60-page treaty, thrashed out with tough Soviet negotiators over the past six-and-a-half years. The Senators are more concerned with the broader issue of relative military strength between the two superpowers developed during the negotiation period and as it will evolve over the life of the five-year treaty.

As Senators left Washington this month for the August recess, there were some smiles on administration officials' faces: they felt that SALT opponents had thrown their heaviest artillery at the treaty, but had failed to mangle it mortally.

In the last three weeks of July, Mr. Cyrus Vance and Mr. Harold Brown, the Secretaries of State and Defence, testified day after day before Senate committees. They took a fair hammering, but gave quite as good as they got. Even Senator Henry Jackson, a SALT critic of well-honed expertise, failed to draw blood. One instance was the Senator's attempt to pry loose from Mr. Vance an admission that minor missile replacements allowed under the treaty would be militarily significant to the Soviets. "You can replace a Chevrolet with a Chevrolet. But you cannot replace a Chevrolet with a Cadillac." Mr. Vance calmly retorted in terms that all could understand.

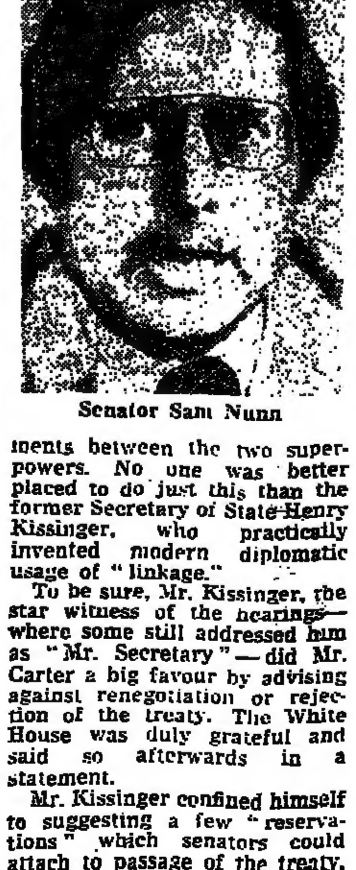
Proof positive about which way the tide of the SALT battle is flowing will come at the end of next month, when three Senate committees — Armed Services, Foreign Affairs, and Intelligence — issue their reports.

But it is noteworthy that none of Jimmy Carter's Republican presidential opponents have so far detected enough anti-SALT sentiment to come out flatly against the arms pact.

The Carter Administration has failed, however, to keep the Senate's attention blinkered to the treaty alone. All through the protracted negotiations, it insisted SALT was too important to be tied to the ups and downs of the U.S.-Soviet relationship (such as the acrimonious dispute a year ago about Moscow's treatment of its political dissidents), and that the treaty should be simply approved or rejected by the Senate on its merits.

In a sense this approach was bound to fail. Politicians generally have a low boredom threshold. Most U.S. Senators however ponderously they have taken their SALT responsibilities are no exception, and the treaty provisions together with the arcane nuclear jargon with which they are defended or attacked are to many tedious on a hot summer's day.

Besides, it is seven years since the Senate was last consulted by an Administration on strategic matters, and Senatoral frustration has built up since then. It is politically more "sexy"—and perhaps sounder—to link the treaty with general political and military developments between the two superpowers. No one was better placed to do just this than the former Secretary of State Henry Kissinger, who practically invented modern diplomatic usage of "linkage."



Senator Sam Nunn

To be sure, Mr. Kissinger, the star witness of the hearings—where some still addressed him as "Mr. Secretary"—did Mr. Carter a big favour by advising against renegotiation or rejection of the treaty. The White House was duly grateful and said so afterwards in a statement.

Mr. Kissinger confined himself to suggesting a few "reservations" which senators could attach to passage of the treaty, but which would not entail fresh negotiations with Moscow. In this way, he gave impetus to a growing feeling in the Senate that their least seemly course would be to subject the treaty to a tug of war on the Senate floor.

But the former Secretary of State scorned the Carter administration's refusal (or inability) to use the evident Russian desire for SALT II to curb their military activities in and around the Third World. He proffered the suggestion—which he would never have countenanced in office—that the Senate should be able to vote to suspend future SALT talks if the Russians grossly misbehaved.

The idea pleased some Senators, who want more say in future arms control talks, and it may gather further support when Congress reconvenes. It also coincided fortuitously with a demonstration of Soviet economic dependence on the U.S. Last week the Agriculture Department announced the U.S. would next year sell at least 13m tonnes, and perhaps as much as 20m tonnes, of grain to the Soviet Union—as the only means by which the Russians could meet their expected 30m tonnes crop shortfall this year without cutting their citizens' consumption.

The redoubtable Dr. Kissinger also proposed that passage of SALT II be made conditional on increased U.S. defence spending. But, in this, he was treading in the wake of Senator Sam Nunn, an owlish, bespectacled Georgian who more than anyone had changed the ground on which SALT is being fought out.

The junior Senator from Georgia has won in only seven years in the Senate a remarkable reputation for military expertise, and that renown (through his work in the mid-1970s in improving Nato conventional forces) extends abroad. His judgment is respected by Senate colleagues, partly because, unlike many of them, Mr. Nunn has made clear that his ambitions lie no further than the legislature. Though no rubber stamp for the Pentagon, Mr. Nunn, like many Southerners, is a staunch supporter of the uniformed military.

DEFENCE SPENDING

Year	Admin. projection $bn	Sen. Nunn's demands $bn
1980	126.7	132.5
1981	139.7	150.0
1982	152.1	169.3
1983	166.2	191.4
1984	181.0	216.4

The Administration projection assumes average annual inflation of 6.7 per cent, and the projection on Senator Nunn's figures a rate of 7.8 per cent.

Sources: Department of Defence and Congressional Budget Office.

True to form, therefore, Mr. Nunn took his cue on SALT II from the bemedalled Joint Chiefs of Staff, whose phlegmatic chairman, General David Jones, told the Senate: "None of us is totally at ease with the provisions of the agreement. But we view it as a modest but useful step in a long-range process." The chiefs coupled this lukewarm endorsement of the treaty with a plea for more defence spending.

So Senator Nunn then put his cards on the table. He would oppose SALT II if it lulled the American public into a false sense of security on defence spending—but would support it if the Administration were to pledge a real defence spending increase of the order of 5 per cent through to 1984.

His price is high. Meeting Senator Nunn's condition would increase defence spending from 1979 levels by $113bn over the next five years. That is nearly four times the cost of the horrendously expensive MX mobile missile system, which the Administration is presently budgeting at $30bn.

In contrast, the Administration's defence projections through to 1984 only allowed for an average 3 per cent real annual increase. This was in line with the commitment made to the NATO alliance last year. But to the Administration's considerable chagrin and embarrassment, it has now had to concede that because of the inflation rate it will fall short of a 3 per cent increase in the new 1980 budget.

This budget drawn up in January assumed an inflation rate of 6.4 per cent, when in fact so far this year it has run near 10 per cent in the defence sector. The defence department—a big oil consumer—estimates it is now some $900m short in its fuel estimates for the 1980 budget.

This is bad news for America's NATO partners, some of whom have actually exceeded their 3 per cent goal on defence spending. General Alexander Haig, the retired NATO commander, told the Senate last month that sions of support for SALT II by NATO governments was their deep desire, in his view, that the U.S. should reassert alliance leadership by steep increases in defence spending.

It also bodes ill for meeting the terms of Senator Nunn and many of the moderate-conservatives who think like him.

The administration has of course various means to influence events before the final Senate floor vote on SALT likely to be in November or early December. Most immediately, it can—and is soon expected to—announce its decision on how exactly the MX mobile system should be based. This is only a logical development from President Carter's announcement in the spring that the U.S. would go ahead with the system.

But President Carter has little economic leeway to accommodate the Nunn lobby. As the country heads into a recession marked with a still surging rate of inflation, massive increases in defence expenditure will prevent Mr. Carter from achieving his goal of a reduced overall budget deficit.

There is almost certainly an element of bluff in their threat. It is hard to conceive that on the final roll call, the "doves" will join the "hawks" to defeat SALT II, when rejection of the treaty would be hailed purely as a "hawk" victory.

More "guns" and even less "butter" in next January's federal budget could very well win Mr. Carter the SALT II treaty. But that recipe might lose him his party's nomination for re-election.

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Sasse problems delay latest Lloyd's figures

BY JOHN MOORE

ANNUAL RESULTS from Lloyd's of London, the insurance market, have been delayed because of problems surrounding the Sasse underwriting syndicate.

The full results which last year disclosed a profit of £135.2m for the 1975 underwriting year, usually appear in September, but there could be a delay of up to a month.

The figures due to appear are those for 1976. These will be the latest available because Lloyd's leaves its account open for three years to catch the claims that arise on the business insured each year.

The underwriting syndicate formerly headed by Mr. Frederick Sasse hit fresh problems this month when it was disclosed that losses are running at £20m compared with an estimated £13.6m.

Because Lloyd's could not satisfy itself as to the extent of the syndicate's outstanding liabilities on the 1976 underwriting account, which was showing £15.6m of the total losses, it has attempted to arrange a re-insurance to limit the liabilities of the syndicate.

Without this re-insurance, Lloyd's would not have been able to allow an unqualified audit certificate to be issued on the syndicate's 1976 accounts.

The Sasse syndicate's difficulties have meant that Lloyd's has not been able to complete the whole of the market's annual submissions to the Department of Trade for approval. The syndicate has had to ask the Department for an extension on its audit date three times, and has gained a further month's time. The syndicate's audit date is now September 30.

The reinsurance for the syndicate, which covers it against any deterioration in the 1976 account, is nearly completed at Lloyd's. Willis Faber and Dumas acted as principal brokers on the contract. A substantial part of the premium on the contract is to be met from Lloyd's internal funds, to which all members subscribe.

Not all members of the syndicate feel that Lloyd's has done enough to help them. Some want the reinsurance to cover the 1977 underwriting year, on which they are facing £4.6m of losses.

Two members of the syndicate, Mr. Joseph Benjamin and Mr. Murray Gordon, chairman of Combined English Stores, have taken legal advice.

They plan to convene a meeting of the 110 members of the syndicate on August 31 at Lloyd's.

Plan to tax perks worries directors

BY DAVID FREUD

THE INSTITUTE of Directors yesterday asked for an urgent meeting with the Prime Minister to discuss the taxation of fringe benefits. It said increased taxation on employees with company cars would be a "major mistake" if considered in isolation.

The request follows the publication of an Inland Revenue consultative paper on Friday which proposes that income tax on the benefit of company cars and petrol should be raised to a "realistic" rate and applied to all employees.

The institute said that while it believed fringe benefits to be a less satisfactory form of pay than extra cash in the pocket, it opposed any reductions without the Government further implementing its declared policy of cutting direct taxes at all levels.

Mr. Walter Goldsmith, the director-general, said: "We are totally mystified at the timing of the Government's proposals. There would be much more logic in the Government's approach if it had produced a discussion document on both taxes and fringe benefits at the same time."

Mr. Goldsmith said that the man with taxable income of £10,000 a year and a car would be no better off than before the last Budget. "We do not believe that rewards should be given with one hand and taken away with the other."

The Confederation of British Industry and the Society of Motor Manufacturers and Traders have also expressed cautious concern about the proposals, and Mr. Terry Duffy, engineering union president, attacked them over the weekend.

However, yesterday BL, formerly British Leyland, said the proposals would be acceptable depending on whether any reduction in company purchases was offset by personal spending which would keep up demand.

Building orders rise 12%

NEW ORDERS for construction work rose by 12 per cent in the second quarter of this year against the previous three months when construction activity was severely depressed by a harsh winter, writes Andrew Taylor.

Department of Environment figures published yesterday show that new orders in the second quarter were 1.4 per cent higher than during the same period last year.

American rival abandons action against INMOS

BY MAX WILKINSON

A LAW SUIT which threatened the future of the National Enterprise Board's micro-electronics subsidiary, INMOS, has been settled in its favour.

The suit, brought against INMOS by the Dallas micro-electronics company, Mostek, has been abandoned in an agreed settlement.

Mr. Iann Barron, managing director of INMOS (UK), said yesterday that the settlement prevented Mostek from bringing further action against INMOS on most of its complaints.

He said he was very pleased with the outcome, although the lengthy legal tussle had caused INMOS a "lot of trouble and inconvenience."

Mostek started its action a year ago, soon after it was announced that INMOS was to be set up with Dr. Paul Schroeder, a former chief designer at Mostek, as one of the three top executives.

The immediate cause of the action was an attempt by INMOS to hire four more senior engineers from Mostek to form the nucleus of its design team.

Mostek issued writs to try to obstruct the hiring and to prevent the engineers from giving INMOS the benefit of what were claimed to be Mostek's trade secrets.

In September, after six days of court testimony in Dallas, Judge Robert Porter refused to grant Mostek a temporary injunction against INMOS on allegations of breaches of anti-trust laws and violations of anti-corruption practice.

Inhibited

Subsequently, the four engineers (not including Dr. Schroeder) decided not to take up the offer of jobs with INMOS but to set up as a consultancy on their own.

Although the judge's decision was seen as a victory for INMOS, it still left Mostek able to pursue its action through the U.S. courts, and must have inhibited the new company's planning.

INMOS has now established a pilot plant in Colorado with 40 employees for the production of semiconductor memory chips and microcomputers. With both these products, it will be in direct competition with Mostek and the other leading suppliers of standard components for the world computer market.

INMOS is expecting to start full-scale production in the UK by the end of 1981. Its total funding by the NEB is expected to reach £50m at the peak.

The NEB has said the new company could eventually provide 4,000 jobs in four major plants in the UK, but this will depend on whether INMOS can obtain a large enough share of a fiercely competitive world market.

So far it has established a head office in Bristol with about 40 staff. It is recruiting steadily and expects to employ about 500 by the end of 1980.

In addition to its legal arguments with Mostek, INMOS has had major uncertainties over its future following the election of the Conservative Government.

Sir Keith Joseph, Industry Secretary, has instructed the NEB to sell £100m of its investments to the private sector, but has also said it should continue its role as an investor in "high technology" industries, which are assumed to include INMOS.

The company's next major task is to choose a site for its first UK factory from the 100 proposals by local councils and regional development agencies.

INMOS would probably like a West Country site near its present headquarters, but has faced strong political pressure to choose a more depressed part of the UK.

Mr. Baron said yesterday that the decision was "not yet imminent."

Labour moderate may gain seat on national executive

BY ELINOR GOODMAN, LOBBY STAFF

AT LEAST one of the likely candidates for the Labour leadership could increase his influence in the party by winning a seat on the national executive this year.

This could provide Mr. James Callaghan, the party leader, with another moderate ally on the Left-wing dominated executive.

Mr. Peter Shore, Dr. David Owen and Mr. Roy Hattersley are all trying to win the seat in the seven-member constituency section of the committee being vacated by Mrs. Barbara Castle.

Since Mr. Ian Mikardo, another of the Left's most experienced war horses and the runner-up in last year's ballot, has apparently indicated that he will not stand, one of these three members of the Shadow Cabinet stands a reasonable chance of being voted onto the executive.

The election, which will take place at Labour's conference in Brighton, will not, however, provide a comprehensive test of popularity in the party, as three other possible contenders in the leadership stakes—Mr. Denis Healey, Mr. John Silkin and Mr. Merlyn Rees—have decided not to stand.

Once membership of the executive was regarded as a prerequisite of any potential leader, but neither Mr. Healey, a former member, or Mr. Silkin, who might attract support from the Left-wing dominated constituency section, appears to believe it is worth standing.

The nominations, which closed last week, contain few surprises, though the list of aspirants for the constituency section is longer than ever. The expectation is that the composition of the 12-member trade union section will stay much the same as last year's.

But the moderates are again hoping to oust Left-wingers in the five-member women's section with their own candidates.

Mrs. Shirley Williams, who lost her seat in the general election, has again been nominated for the NEC and, in accepting, she may assuage doubts that she remains intent on a political career.

The executive is dominated by the Left. As a result, it is often at odds with Mr. Callaghan who, since the election defeat, has faced repeated challenges to his authority from other NEC members.

If the moderate wing of the party is to increase its influence in opposition it will have to get more of its representatives onto the executive. But, as the voting is organised at present, the odds favour the Left.

For this reason, even though the three members of the Shadow Cabinet contesting the constituency section were among the top runners-up last year, they cannot be certain that the constituency parties which backed Mrs. Castle will not switch their votes to another Left-wing candidate.

Rothmans cigarette price to rise by 3p for 20

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

PRICES OF Carreras Rothmans cigarettes are to rise by 3p per packet of 20 from next month, the company said last night.

Rothmans also announced that it would end from December 31 the special "matched-deal" price promotions with retailers whereby a price cut by the manufacturer is equalled by the retailer.

The price rise means that a packet of Rothmans King Size, its top selling brand in the UK, will increase from 63p to 66p.

The increase is a result of dearer raw materials, manufacturing and packaging. Such cost pressures are likely to force the other main cigarette companies to raise prices shortly.

The earlier 6p for 20 increase followed the higher VAT announced in the Budget. This has already led to estimates in the trade that consumer demand for cigarettes has fallen by as much as 5 per cent.

Rothmans' decision to pull out of "matched-dealing" of price cuts follows moves made by Imperial Tobacco and Gallaher to end this form of price promotion. Rothmans had delayed its decision to do so until the other manufacturers had stopped.

The general move to end "matched-dealing," and the decision to add 3p to the price of a packet of cigarettes, suggest that the fierce price war of the past three years may be drawing to an end.

The price war was sparked off by the change in duty structure for cigarettes, which meant that King Size became better value for money than smaller sizes.

As consumers switched to King Size, so the manufacturers embarked on heavy price-cutting to capture a slice of the fast-growing market.

The effect of the price war was to hit both manufacturers' and retailers profit margins. Mr. Ray Higgs, Rothmans' UK marketing director, said last night that the price moves would "ease the pressure on trade margins."

Prices of Rothman's pipe tobaccos will rise by an equivalent amount.

Tobacco feature, Page 15

Levy on planning permits opposed by architects

BY ANDREW TAYLOR

THE ROYAL Institute of British Architects yesterday expressed concern over the Government's plan to introduce charges for processing planning applications.

It said that delays in processing applications were already proving costly to applicants and that charges would be a further burden. A system of charges would raise other problems.

Charges levied on smaller schemes might encourage applicants with only limited budgets to proceed without planning applications and the extra cost of policing these would be "wasteful and vexatious."

The institute stated: "Since 80 per cent of planning applications are for small works it would be better to greatly reduce the extent of planning control over such applications. Local authorities would then have time for forward planning and the consideration of the larger industrial and commercial applications."

A charge based on the capital cost of projects would be reasonable if the planning service provided was swift, the Institute of British Architects said.

"If charges are introduced they should be only levied on those applications approved within the statutory eight-week period. If this were to happen charges could, in the long run, improve the performance of planning authorities."

It said that charges would not improve relations between local authorities and other public bodies and should not be introduced until the processing of planning applications was running more smoothly.

Councils face curbs on direct labour

BY ANDREW TAYLOR

THE GOVERNMENT is to introduce legislation giving it the right to close down local authority direct labour organisations which have been "consistently unsuccessful."

A consultative paper outlining proposals for regulating the work of direct labour organisations was published yesterday. These proposals are expected to be included in the Local Government Bill due to be tabled this autumn.

Direct labour organisations are construction teams employed on a permanent basis by a local authority. The Government proposes that they should earn a rate of return equivalent to the average private sector rate. They would be expected to meet an initial target of a 5 per cent return on capital employed.

The consultative paper produced by the Department of Environment says that proposed legislation "would empower the Secretary of State to remove or curtail the powers of an authority to employ its own direct labour where it has shown itself to be consistently unsuccessful."

In addition the proposals include measures to ensure fairer competition between direct labour and private industry for public construction contracts.

Under the proposals, local authorities working for outside bodies like water boards or on highway projects would be required to put all contracts worth more than £100,000 out for tender. Tenders would also be invited for all other projects above £50,000.

The Government is concerned that direct labour organisations should introduce charging, accounting and tendering procedures comparable with those operated by private industry.

Competition

It says: "The full cost of the DLO operation must be reflected in the accounts and in the charges the organisation makes of its clients and the estimate it submits when bidding for work.

"This will not only ensure that competition is fair but will also help local authorities to assess clearly the balance of economic advantage between using contractors and using direct labour."

In many respects the proposed measures regulating the operations of direct labour are similar to those suggested by the previous Government. However, Labour also proposed a broadening of direct labour activities which would have allowed them to carry out work for other local authorities and public bodies.

The latest proposals were welcomed by the private construction industry, which has campaigned for several years to curb the spread of direct labour operations and place them on a more competitive footing.

The building and civil engineering employers body stated last night: "We are sure that once the truth about DLO's frequent wastefulness and inefficiency does emerge the public will see that competitive private enterprise is a much more effective and much cheaper way of operating."

The industry regarded Labour's plans for widening direct labour operations as an attempt at "back-door" nationalisation of construction.

The Government said its proposals were based on recommendations contained in the Chartered Institute of Public and Accountancy report "Direct Labour Accounting." This was published in 1975 and accepted by both sides of the construction industry.

Warning of rising price for glass containers

By Maurice Samuelson

A WARNING of higher prices for glass containers was given yesterday by United Glass, the UK's biggest container manufacturer, following a 50 per cent fall in its half yearly profits, which it blamed on the transport strikes at the beginning of the year.

The company would consider its prices in the light of the higher oil costs it was now facing, Mr. Vic Hender, managing director, said in London. The group's labour contract had still not been re-negotiated and prospects for the industry were "not very bright," he said.

Pre-tax profits in the first six months of 1979 were £3.3m, compared with £6m in the same period last year. Other glass manufacturers were similarly hit and continental companies had stepped up their exports of containers by 16 per cent, supplying more than 10 per cent of the UK market. The rise of sterling against other currencies had also made it harder to meet foreign competition in the UK and abroad.

Mr. Hender dismissed alarmist predictions about the industry's prospects. Opportunities were still good and the industry was more profitable than in several other European countries. Mr. John Small, who is due to succeed Mr. Hender as managing director at the end of the year, sounded a more cautious note and warned that any interruption of the packaging business, as had occurred this year, was of concern.

Plastic bottles

The area in which foreign competition had been repelled was in tableware, said Mr. Tony McBurnie, managing director of Ravenshead, UG's tableware division. The importers' share of the British market had fallen from about 30 per cent a few years ago to below 20 per cent.

A jointly-owned subsidiary of Distillers Company and Owen Illinois, United Glass is continuing with its policy of re-investing all profits. This year's capital expenditure of £15m includes £6m on modernisation and expansion of a furnace at its Peasley works, St. Helens.

Results Page 17

Strong currency 'hits output'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

COUNTRIES WITH strong currencies have experienced below average rates of inflation at the cost of depressed business conditions and sharp falls in employment, according to a Confederation of British Industry study.

The paper, written by Mr. Doug McWilliams of the CBI's economic directorate, looks at Switzerland and West Germany during a recent period when the Swiss Franc and the D-mark appreciated significantly against other currencies.

There is, however, no discussion about possible implications for the UK in view of the recent strength of sterling. But when the pound was rising sharply in June and July, the CBI was becoming increasingly concerned.

The paper notes that a strong currency has had similar effects in Switzerland and Germany. In both economies inflation has been reduced to below its average pre-1973 level and imports have grown rather faster than in most other countries.

Consequently, output growth since 1973 has been very weak in comparison both with before 1973 and with other industrialised economies.

Whereas for industrialised countries as a whole—the 24 members of the Organisation for Economic Co-operation and Development — output rose by 16 to 17 per cent from 1973 to 1978, the net increases in output for Switzerland and West Germany were 2 to 3 per cent and 9 to 10 per cent respectively.

Employment

The result was a decline of employment of 10 per cent in Switzerland and 6 per cent in West Germany. Employment in the OECD area as a whole rose roughly 5 per cent between 1973 and 1978.

The two countries, however, avoided especially high levels of domestic unemployment by comparison with the rest of OECD. This is because many foreign workers, who were a significant proportion of the overall labour force, have returned to their home countries. The number of foreign workers in Switzerland fell by a quarter between 1973 and 1978, equivalent to nearly 7 per cent of the labour force.

The absence of large numbers of foreign workers in the UK could mean that the unemployment results of a strong currency could be much more significant than for Switzerland or West Germany, although the paper does not mention this.

The paper notes that in both economies the depressing effect of a strong currency on overseas trading and on investment has led to pressure for Government action to help industry, and there has been some response over the last year.

The most obvious effect of strong currencies has been on inflation rates. Consumer price inflation was 9.8 per cent in Switzerland in 1974, and 7 per cent in West Germany, compared with an OECD average of 13.6 per cent. By 1978 the rate had fallen to 1.1 per cent in Switzerland and to 2.6 per cent in West Germany, against an OECD average of 7.9 per cent.

In this way a strong currency sustains living standards and consumer spending at a higher level than otherwise.

"The reduction in inflation rates to below those in the rest of the OECD has probably been partly responsible for the continuing appreciation of the currencies, while the continuation of the appreciation has held down the rate of price inflation.

"It is difficult to judge the extent to which the lower rates of inflation have been a cause or an effect of the strength of the currencies. However, since 1971 the appreciation of the exchange rates for both countries has been greater than would have been necessary merely to offset inflation differentials."

The paper notes that falls in employment have been matched by a sharp fall in industrial profitability in the two countries since 1973, which has been reflected in the investment performance.

Editorial Comment, Page 14

Airline managers' action group

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH CALEDONIAN, the independent airline, has reorganised part of its top management, to meet what it believes could be tougher times ahead.

Mr. Alastair Pugh, managing director, says the worldwide air transport industry faces tough problems from rising costs, especially fuel—now nearly double the price of a year ago.

"Since air transport prices must rise as a result, traffic growth is likely to slow down.

"The organisational changes are designed to enable British Caledonian to be prepared for the management of the recession period, and simultaneously to take full advantage of the opportunities for growth that lie beyond."

A top-level action group, attached to the managing director's office, has been formed to make quick responses to changing circumstances—such as sudden fuel shortages or sharp price rises.

This group will include Mr. Colin Smith and Mr. J. H. Sidebotham, both directors of British Caledonian, and Mr. Michael Carter, director of corporate strategy.

Other changes include extending the airline's management development scheme, to turn it into the main system for training and developing future managers.

Birmingham development approved

By Our Industrial Staff

BIRMINGHAM City and County Council planning committees have given detailed planning permission for the first phase of the development of the Snow Hill station site in the city at a cost of about £20m.

Building work is expected to begin early next year.

The 6¼ acre site will be developed in three stages, and construction could take up to six years to complete.

The planning application was made jointly by British Rail and the Viking Property group. The first stage of the development will involve the building of 190,000 square feet of offices together with a superstore, a new station concourse, a bus station and car parking space for about 800 vehicles.

The second stage of the project will include a further 200,000 square feet of office space and extra car-parking. A leisure centre and possibly, a hotel are tentatively planned for the third phase of the development.

Texas base for Hawker Siddeley

Financial Times Reporter

THE HAWKER Siddeley Group has set up a company in Houston, Texas, to act as base for the provision of engineering services in the electrical power industries throughout the world.

The company, HS Power Systems, will be particularly concerned with isolated electrical generating systems. These are usually used in developing countries, on off-shore drilling and production facilities and in marine and industrial installations.

Hawker Siddeley says that the staff of the new company has more than 100 years of engineering experience between them and "can provide efficient, cost effective, and reliable systems where prime, standby or peaking power is required."

Waste-derived fuel plant launched

BY ELAINE WILLIAMS

BRITAIN'S first waste derived fuel plant, which turns domestic and industrial rubbish into fuel which can be burned in small industrial boilers, has begun work in Eastbourne.

It is being run by East Sussex County Council in conjunction with two private companies, Buhler-Miag and Asthall Holdings.

There is a lot of work to be done on waste-derived fuel, which is in the form of pellets, but the consortium believes the process will give fuel cheaper than coal.

Tests are being carried out by boiler owners and other consumers so the fuel can be produced in an acceptable form.

About 75 per cent of all waste can be turned into a usable fuel. The equivalent of 4m tonnes of coal a year is being lost by not processing waste in this way.

Development work on the process started experimentally at Buhler-Miag laboratories in Switzerland several years ago. The Eastbourne plant was commissioned two months ago.

Mrs. Pat Drake, chairman of the highways and transportation committee of East Sussex County Council, said: "The volume of waste left after waste-derived fuel processing will be cut by up to 75 per cent, with a consequent saving in transport costs."

Buhler-Miag says that several other pilot schemes are underway in Britain. However, the company would not say precisely how much cheaper the fuel is compared with coal, although figures of up to 50 per cent have been given under some circumstances.

Finance for the Eastbourne project has been provided by the International Energy Bank, which takes an active interest in alternative energy sources and particularly the recycling of waste.

Lingerie leads June wholesale textile sales

By David Churchill

WHOLESALE sales of women's underwear achieved the best sales performances of the textile trade in June, according to figures published yesterday by the Textile Distributors Association.

The figures show that sales of women's underwear to the trade increased by almost 32 per cent over the comparable figure for 1978. However, over the first six months of the year trade sales of women's underwear rose by only 6.7 per cent.

The leading textile sector over the first six months was women's knitted outerwear, blouses, and skirts, which showed a rise of almost 26 per cent.

Paisley party denies independence swing

BY STEWART DALBY IN DUBLIN

ALLEGATIONS that the Rev. Ian Paisley wants his Democratic Unionist Party to support independence for Northern Ireland were strongly denied yesterday by Mr. Peter Robinson, the general secretary of the party.

The statement was made in an issue of a publication by Official Unionist MPs at Westminster. It said that Mr. Paisley wanted to lead the party toward independence for Northern Ireland, and also planned another General Strike there.

Mr. Robinson, Westminster MP for East Belfast, described the allegations as "tripe." He said that the document was "scaremongering," and that it was "typical" that the report was leaked while Mr. Paisley was on holiday, in Scotland.

The Official Unionists won five seats in the General Election, against seven in the previous Parliament. The Democratic Unionists have three seats.

Mr. Paisley scored a victory in European Parliament elections on June 7.

Liverpool dock passage remains open

THE PASSAGE linking Nelson and Salisbury docks in the port of Liverpool is to remain open.

An agreement between the Mersey Docks and Harbour Company and the Liverpool Shipowners' Association ends a four-month campaign by shippers and tug-boat owners to keep it in operation.

The docks company gave notice in spring that the passage would close at the beginning of July to save £160,000. Shipowners complained that operational difficulties and financial problems would be caused, particularly for small businesses.

Mersey Docks said they would have to meet the costs. The six main users agreed to pay £165,000 over three years, and the passage will be manned from 8 am to 4 pm Mondays to Fridays with additional hours available. Casual users will pay £20 per passage.

Record £5bn holiday spending

FINANCIAL TIMES REPORTER

BRITISH HOLIDAYMAKERS spent a record £5.175bn last year, of which an all-time high of £3.1bn was spent in England, Scotland and Wales, according to a survey published today.

The National Opinion Poll survey was commissioned by the British Tourist Authority and the regional tourist boards.

Britons took 119m holidays, covering 530m days, in their own country, only just below the 1977 Jubilee year level.

The West Country again took the largest share of tourism, unchanged since 1977 at 18 per cent of all destinations, followed by East Anglia at 7 per cent.

On holidays abroad, the British increased their spending. The average sum spent daily rose by more than £2 to boost total spending by 38 per cent to £2.075bn. Days spent overseas increased by 18 per cent to 135m.

Overall, the holiday market increased by 3 per cent. Holidays of at least four nights rose 4 per cent over 1977 to 465m days. Shorter holidays declined by 9 per cent to 60m days.

The total increase was counterbalanced by an 11 per cent drop in business and conference trips, and a 6 per cent decline in visits to friends and relatives.

London Co-ops to drop stamps

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE LONDON Co-Operative Society is to cease giving dividend stamps with groceries in several of its food stores and concentrate on substantial price cuts.

The move is part of its plan to boost trading volume following a poor performance last year. Turnover in the year ending January this year was up by only 3.5 per cent to £215m. Allowing for inflation, this meant a decline in real terms. The poor trading led to a £1.8m trading loss.

Mr. Alexander Balfour resigned as chief executive in May this year and was replaced by Mr. Frank Doherty, who remained chief executive of the Nottingham society.

The first London store to drop stamps on food and concentrate on price cuts has already come into operation at Hounslow. Renamed a Co-op Pricefighter store, it has trebled its turnover in the first few weeks of operation.

About 12 large co-op stores are due to be converted into Pricefighter stores by next spring.

The practice of dropping stamps in some stores and concentrating on price cuts has already been carried out successfully by the Nottingham society over the past two years. Mr. Doherty decided the same formula could also help London achieve more trade. The London society also plans to start work on its first superstore in the near future, although the site has not been revealed.

The main problem facing the London society in recent years has been the large number—about 600—of small stores affected by fierce competition from the supermarket multiples.

As part of the reorganisation the society has sold the Hotel New Ambassadors in London for an undisclosed amount. It has decided that the hotel, which had a turnover of £¼m last year, does not fit in with its main retailing interests.

Greenfly by the ton in plague

WHEN THE greenfly plague reached its height this summer there were 14m greenfly for every man, woman and child in the country, and their combined weight ran to thousands of tons, according to scientists at Cranfield Institute of Technology.

Wheat fields were infested with 400m of the insects to the acre.

The scientists derived their figures by using converted radar transmitters to track the pests.

Although each insect is only one-tenth of an inch long and 15,000 make up an ounce, the total weight of the 800,000m or so at the peak of the plague was 200,000 tons.

They sucked their own weight in vital plant juices every day. Fortunately, the scientists point out, the plague came after the flowering stage of crops so they fed off green leaves rather than the crop itself.

Heseltine blocks new homes plan

Financial Times Reporter

THE GOVERNMENT has refused four London boroughs borrowing approval for proposed high-cost council housing schemes.

The projects, proposed by Hammersmith, Kensington and Chelsea, Camden, and Islington, would have provided more than 250 new homes in central London. The Department of the Environment has blocked them because of the costs involved.

The homes would have cost between £33,000 and £40,000 to build.

Mr. Michael Heseltine, Environment Secretary, says in a letter to the authorities concerned, that there should be a "reasonable limit" to the cost of public-sector housing even in areas of housing stress. He suggests that councils should look very carefully at "alternative uses" for expensive sites and more effective ways of employing public-sector housing resources.

OTHER MEN'S JOBS: CLOG-MAKING

BY RHYS DAVID

Traditional Cumbrian craft revived

JOSEPH STRONG might well have followed his first inclination and become a joiner, but for an aversion to heights. After deciding that work on roofs and other jobs high up were not for him, however, he chose another and just as satisfying career in woodworking — the ancient northern craft of clog-making.

That was more than 30 years ago when the small town of Caldbeck in Cumbria boasted no fewer than three clogmakers and every working man and woman in the area was shod in a pair of wooden-soled shoes. For the hard work of that time, clogs were the most sensible footgear combining the virtues of being warm, waterproof and hardwearing. These qualities were needed equally in wet textile mills, coal mines, quarries and on farms.

Working conditions have changed since then and with them the demand for clogs. Most of Caldbeck now wears shoes and Mr. Strong sells and repairs them alongside clogs.

But clog-wearing has not died out. Indeed, after reaching a low some years ago, it is now benefiting from the general revival of interest in crafts. For the past seven years Mr. Strong has been joined in his business by his son—the fifth generation of Strongs to bear the name Joseph. So for another generation at least, the craft will survive in the area.

Mr. Strong senior learnt his expertise as a boy watching the local men and later working with them and in the clog factory which the Co-operative Wholesale Society used to run at Penrith.

He ventured into business on his own in 1948, when towns like Caldbeck were still largely isolated and self-sufficient. "There used to be half a dozen pubs, two tailors, a brewery, a paper mill, a factory making tweeds and blankets, and a yarn spinning mill," Mr. Strong recounts.

The area was also full of mines working a variety of different minerals, and the building which now houses his shop was once a teetotal workmen's hall where farmworkers and miners would pass the evening playing dominoes and talking.

Children, too, all wore clogs in those days and on Saturday morning the shop would ring out to their voices as they waited to have the caulker—the steel horse-shoe on the sole—replaced. Filed down, a caulker was ideal for sliding on, most children soon discovered.

Present-day Caldbeck is very different, though it has clearly lost none of its attractiveness. The population has halved and industry has dispersed while the solid stone-built cottages now accommodate a few commuters and second-home owners. The town is just outside the Lake District touring routes although in summer there is a steady trickle of tourists, drawn mainly to see the grave of John Peel, the Cumbrian huntsman made famous in song.

Tourists now provide one of Mr. Strong's sources of business, some calling directly at his shop or at the old smithy opposite which, in its new incarnation as a gift shop, sells the occasional pair.

Just as custom has changed, however, so too has the process of making clogs. When Mr. Strong started, he used to cut out both the wooden sole and the stiff leather upper with specially designed tools.

The wood and leather components can now be bought machine-made for fitting together. The leather has to sit in a groove running around the sole, a strip of welting is then added, and finally nailed down all round. The caulker, traditionally made of steel but now frequently rubber, is then added to the sole, with a toe-plate as well to help hold the clog together.

The machine-made components suffice for the most popular types of clog and a pair can be put together in perhaps an hour and a half to sell at around £12-£16. Other types no longer much in demand have to be made bespoke, which takes as much as a day.

On the wall of the workshop is a well-punctured darts board testifying, as does a cabinet of cups in his house, to one of Mr. Strong's passions. Plenty of practice between keeping Caldbeck well-shod has taken him to local and regional darts championships in Carlisle and Newcastle.

Freddie Mansfield

The Strongs of Caldbeck show how they can make clogs to fit giants and dwarfs.

Trade figures deficit at £1.8bn

THE CURRENT account of the balance of payments was in deficit by £1.8bn over the first seven months of this year.

This is shown by the new Department of Trade figures which, for the first time, adjust on a month-by-month basis for the distortions to the flow of information caused by the Civil Service industrial dispute.

The figures are rounded to the nearest £100m because of the approximate nature of the adjustment and the totals may not add up exactly.

The large deficit this year follows a surplus of £800m in the second half of 1978. However, the Department of Trade states that "with certain abnormal adverse factors affecting exports, and imports showing an erratically large increase, the worsening is likely to overstate the deterioration in trade performance."

Exports in the first seven months of the year were £22.5bn. The average monthly level was 5½ per cent higher than in the second half of last year but there was a marginal fall in volume.

Imports between January and July were £25.1bn. The average monthly level was 15 per cent above that of the second half of last year, mainly the result of higher volume.

The surplus on invisible trade in the first seven months of the year is projected at over £800m.

BALANCE OF TRADE

		Exports £m seasonally adjusted	Imports £m seasonally adjusted	Exports Volume seasonally adjusted 1975=100	Imports Volume seasonally adjusted 1975=100	Terms of trade *Unadjusted 1975=100	Oil balance £m.
1977		32,148	33,892	118.9	107.2	100.8	−2,791
1978		35,432	36,607	122.9	112.6	105.9	−2,015
1977	1st	7,520	8,466	115.9	108.9	99.1	−781
	2nd	7,921	8,700	117.7	110.2	100.6	−761
	3rd	8,531	8,534	124.6	107.3	101.3	−590
	4th	8,176	8,192	117.3	102.4	102.4	−659
1978	1st	8,408	9,004	119.6	113.5	105.7	−620
	2nd	8,753	8,926	122.2	109.7	104.9	−414
	3rd	9,051	9,418	124.8	114.9	106.1	−501
	4th	9,220	9,259	124.8	112.3	106.9	−480
	Nov.	3,020	3,136	122.5	113.7	107.5	−162
	Dec.	3,127	3,086	126.0	112.5	107.0	−183
† 1979	Jan.	2,800	2,900	113.0	107.0	107.4	−62
	Feb.	2,600	3,300	101.0	117.0	108.1	−78
	Mar.	3,000	3,700	117.0	129.0	107.4	−97
	April	3,600	3,900	139.0	135.0	108.9	−114
	May	3,500	3,900	134.0	137.0	108.0	−54
	June	3,400	3,800	130.0	133.0	107.1	−42
	July	3,600	3,600	134.0	127.0	109.3	−41

* ratio of export prices to import prices
† rounded to nearest £100m and whole number

Source: Department of Trade

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UK NEWS — LABOUR

Stewards urged to seek control over automation

BY CHRISTIAN TYLER, LABOUR EDITOR

SHOP-STEWARDS and union leaders are being urged by the TUC to strengthen their collective bargaining to give workers some control over company plans for automation.

The TUC yesterday published a list of demands that unions should consider when negotiating "new technology agreements," along with its final report to the annual Trades Union Congress next month on the employment consequences of the microelectronic revolution.

Mr. Len Murray, TUC general secretary, says in a forword to the report that the question for the unions is not just whether to accept or fight new technology which he calls one of the greatest challenges facing society.

The issue was how the benefits could be equitably shared and the costs minimised. "We have to ensure that, unlike the first industrial revolution, this second revolution now upon us will not trample underfoot the welfare and interests of those directly affected in the process of change."

The TUC's checklist deals with union organisation, company information, output and manning objectives, retraining, shorter hours, distribution of the benefits, safeguards against "supervision by machine," health and safety, and procedures for review.

Its report dwells on the need for more, not less, Government involvement in industrial planning and more growth in the economy to create consumer demand for the goods and services that machine productivity can yield.

It says overall employment effects are difficult to measure, but says that women workers will be the prime casualties of electronic processes.

Unions are encouraged to prompt firms into developing new products and pursuing new markets so that automation is accompanied by an increase, not a cut, in numbers employed.

The main principles recommended to negotiators are that change must be by agreement, and unions consulted before new equipment is even bought. Unions should make "more vigorous use" of status quo clauses in the short term to impress on employers the need for consultation.

They should decide what they want—whether it is more jobs, or shorter hours, for instance—before it is too late to alter plans.

The TUC is concerned to stop union in-fighting as old demarcation lines are blurred by new processes.

It says a no-redundancy guarantee should be sought, and that even natural wastage should be treated warily since that "redistributes" unemployment to the first-time job seeker.

Court clerks may strike

By Our Labour Staff

MAGISTRATES COURTS outside London face lightning strikes on Thursday and a work-to-rule by 4,500 members of the Association of Magisterial Officers.

The association has selected courts for strikes, including some in several large cities. A national overtime ban and a series of sanctions will be imposed.

Though 1,500 magistrate's court staff are not in the association, it believes the action will soon have a crippling effect on court administration.

Court staff plan to withdraw goodwill; not hand over fines to the Treasury; give no help with inquiries by police, members of the legal profession and the public; not sit in court for longer than three hours at a time; undertake no weekend or bank holiday work; and not deal with documents such as legal aid applications that contain mistakes.

Reference

Mr. T. Gwyn Davies, chairman of the staff side of the joint negotiating council, said there had been no response from the local authorities and magistrates' side to the association's new claim for a stage settlement.

It wanted 12 per cent paid now, 5 per cent in October, and a reference to the Clegg Commission on comparability, the findings to be implemented from November 1.

The court staff have been offered a deal worth 12 per cent and a reference to Clegg, findings to be paid from January 1980. The deal includes 9.4 per cent new money and 2.6 per cent from restructuring.

The present annual wage range for court staff outside London is from £1,821 to £8,034. The association is particularly keen on getting salary restructuring, for which it has pressed since 1971.

Many court staff are annoyed at the size of their incomes compared with those of the police.

● Immediate strike action in London magistrates' courts was discussed yesterday at a mass meeting of nearly 500 administrative staff at Caxton Hall, Westminster.

Mr. Bernard Studd, Society of Civil and Public Servants' national officer, said: "We were expecting to meet the Home Office by today. Instead they said they saw no point in a meeting as they had nothing to tell us."

Reform policy 'cowboys' code'

GOVERNMENT policy on trade union reform was described by a leading union official yesterday as "an industrial cowboys' charter." The criticism came from Mr. Alan Sapper, general secretary of ACTT, the film and television workers' union.

Speaking on BBC Radio, Mr. Sapper accused the Government of stepping outside its mandate from the electorate.

"What the Tories want to do is to make trade unionists totally liable in law for anything they do in the proper pursuance of their democratic rights," he said.

Industrial civil servants plan action

BY GARETH GRIFFITHS, LABOUR STAFF

INDUSTRIAL civil servants at the Ministry of Defence are to take selective strike action to put pressure on the Government over the staging of their wage agreement.

Among the targets for their action in 10 days time are RAF Strike and Support Command, Royal Naval dockyards, Royal Ordnance factories and the Polaris submarine bases. The unions have also told their members to draw up local plans.

The call came yesterday from a joint trade union meeting of negotiators. The recommendations to their various union executives are almost certain to be passed. Last year, the industrial civil servants' action affected the country's nuclear submarine capability.

Mr. Mick Martin, national officer for the Transport and General Workers' Union public sector group, said he hoped all the arrangements for the strike would be complete within 10 days. The industrial civil servants carry out a wide range of jobs from weapon-building to operating lifts.

The unions have accepted pay increases of 22 to 30 per cent but are not prepared to accept staging proposals. The Government wants a payment of 9 per cent from July 1, 5 per cent from November 1 and the rest from next April. The unions want full payment from July 1.

Under the offer, the labourers' lowest weekly rate would be increased from £44.30 to £51.50. The top craftsmen's rate would rise from £58.55 to £75.95.

Phone staff return but bills may take months

BY OUR LABOUR STAFF

POST OFFICE telecommunications staff, members of the Civil and Public Services Association, went back to work yesterday after 15 weeks of industrial action with a pay deal worth on average 16 per cent.

But customers could still wait months before getting their bills. Miss Jeannie Drake, CPSA assistant group secretary, said the association still has to negotiate with the Post Office on how to deal with the backlog.

She said it would take four or five weeks after an agreement was reached to start the billing process. This could not be completed until early next year.

About 36,000 staff are covered by the CPSA agreement. The vote in favour of a return to work was 19,195 to 6,980, nearly three to one. CPSA members, however, will not cover the work of Society of Civil and Public Servants members who operate computer centres at Harmondsworth and Leeds.

The agreement adds 9 per cent to basic pay backdated to April 1. There are also efficiency related increases from July 1. The settlement is in line with the Post Office engineers' deal reached last month.

The Post Office said existing staff productivity arrangements covered by the deal will cease. There will be early talks on introducing a new producivity scheme to start next April. An unconsolidated bonus of 2 per cent will be paid in two equal instalments in December and April, 1980.

Mr. John Raymond, CPSA assistant general secretary, said it would take a long time for things to return to normal. The Post Office's delay in settling the pay deal had produced bitterness and anger which would take a long time to heal, he said.

Returning CPSA members were not able to work properly yesterday because supervisors and key technical staff, SCPS members, were still on strike after 19 weeks.

Home Office asked to set up ITV peace talks

BY OUR LABOUR STAFF

THE HOME OFFICE is being asked to set up a "peace conference" between the independent television companies and the three unions involved in the five-week-long dispute.

Mr. Jack Wilson, general secretary of the National Association of Theatrical, Television and Kine Employees made the request yesterday. He said Mr. William Whitelaw, the Home Secretary, was responsible for the Independent Broadcasting Authority and the network. The dispute would be prolonged unless there was a meeting.

The result of the strike ballot among the union's 7,000 members in ITV is expected today. There were reports of a low turnout of members at some of the smaller stations. The union's national negotiators recommended a strike on Thursday and two of the larger companies' branches, Yorkshire and Granada, voted in favour.

Independent television stations, except Channel, have been off the air for 11 days after a strike by the Association of Cinematograph, Television and Allied Trades. The companies say they are prepared for the blackout to go on for four or five weeks as advertising revenue is slack during August and the dispute has cut their costs by half.

NATTKE, ACTT and the Electrical and Plumbing Trades Union want a settlement worth about 25 per cent. The companies have offered 15 per cent and arbitration on craftsmen's differentials. They have also postponed for the second time a lockout of members of the three unions in order to allow time for the NATTKE strike ballot to be held. The lockout deadline is now Wednesday morning.

The Federation of Broadcasting Unions is to meet on Wednesday to discuss the deadlock.

Talks on future of Ferranti plant

BY OUR OWN CORRESPONDENT

DISCUSSIONS ON the future of Ferranti's transformer manufacturing plant at Hollinwood near Oldham, Lancashire, are taking place with shop stewards.

The Ferranti group was rescued in 1975 by a £15m capital injection by the Labour government. The National Enterprise Board retains a 50 per cent share of the company.

Management and union officials were reluctant to comment yesterday, but it is understood that about 300 of the 950 jobs at the plant are under threat.

The company — which trades as Ferranti Engineering — has diversified over the past two years and now produces big container handling carriers and agricultural machinery components, as well as transformers.

The newer interests have been profitable but a world-wide slump in transformer business has created considerable problems.

It is understood the company intends to cease trading in this field once current orders have been completed, which could take up to a year.

Last year Ferranti Engineering lost £1.1m, mainly as a result of the deterioration in the transformer market, largely due in this country to a standstill on new power station building.

In the eight years to 1976, losses on the transformer business averaged £1m a year.

Other Ferranti plants in Britain — there are a further five in the Manchester area, employing about 8,000 — are not included in the cut-back plans.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● IN THE OFFICE

Print work produced at lower cost

PRINTING EQUIPMENT for the office, claimed to make substantial reductions in the cost of in-house print work, is to be launched by Roneo Vickers on September 1.

Roneofax is designed for users who require more than a single copier or duplicator, but whose needs do not warrant a large-scale offset system. It is built up from two new Roneo machines: a stencil duplicator (the 770), working in combination with the 370 line scanner and it will produce copies in a single colour or combination of colours.

Operation, says Roneo, is simple. With the scanner, all that is required is for the operator to adjust a control which, when a light flashes on, determines the correct light meter level to get best results from the original. Masters can be produced on average in under five minutes. The scanner will undertake any type of line work and can also make offset plates.

The 770 is a middle-range duplicator capable of producing a handful of copies or several thousand a month. Copy speed is variable between 40-130 per minute and the machine accepts paper sizes from 7.6 cm x 12.7 cm up to 26.4 cm x 40 cm.

Roneo Vickers, Reprographics Division, POB3, Romford, Essex RM1 2AR. 70 46000.

Protects the records

IRREPLACEABLE BUSINESS material which would previously have been doomed inside other steel cabinets during a fire outbreak are now fully protected from this hazard with insulated cabinets which defy extremely high temperatures far in excess of the mere 350 deg. F needed to char paper, says Cave Tab, 5 Tenter Road, Moulton Park, Northampton (0604 48125).

Conventional files offer no protection but actually conduct heat to their contents, says the company, but the Diebold insulated file has been subjected to three strenuous processes: a fire endurance test up to 1700 deg. F for one hour; an explosive hazard test; and a fire/impact test (on the Deluxe file only)—heated up to 1550 deg. F, dropped from a height, then re-heated.

● HYGIENE

Catches the pests

DESIGNED FOR industrial applications is a range of ultra-violet pest control light traps available from the Wellcome Foundation, Pesticides Division, Crewe Hall, Crewe, Cheshire (0270 583151).

Covering areas from 1,000 to 3,000 square feet, the models are called Insectaflash and are suggested for use in food factories, abattoirs, and throughout the meat trade where conventional spraying methods do not provide the complete answer.

Flying insects are attracted to the ultra-violet light on to electrified grids where their bodies are caught in special easy-to-clean catching trays.

By means of a new trigger mechanism, the machine automatically switches itself off as an additional safety measure when the trays are removed.

The unit is said to cost as little as 25 pence a week to operate and its solid state circuitry provides dependable round-the-clock protection.

● MATERIALS

Synthetic paper

SAID TO be suitable for all types of foil laminating processes normaly using PVC is a synthetic paper introduced by Dai Nippon to the UK via Riverlock Finishing Systems, Moneyrow Green, Holyport, Maidenhead, Berks (0268 37648).

A highly plasticised paper with a thickness of 0.68 mm, it is relatively waterproof and can be used in conjunction with standard types of pva glue.

● DESIGN

Data sent where it is needed


A draughting work station at GEC—General Signal's works at Borehamwood, Herts.

COMPETITION in the electrical and electronic engineering world is tough and time-scales are rigid. It is thus not surprising that the major British company in these areas should be making use of one of the most powerful tools placed at the disposal of the engineer—computer-aided design (CAD). What is surprising, however, is the extent to which GEC group companies have adopted CAD and analogous technologies with relatively little in the way of formal statements of purpose so far.

Some 31 companies have between them bought about £6m worth of equipment to date, primarily from Computervision and Quest Automation, but also from Calma, Applicon, Tektronix and the in-house CAD arm of GEC Computers.

Such is the advantage of CAD in the drawing office and in manufacturing that it can only be a matter of time before many more group companies install and operate their own CAD machinery and the total spend on this area of computing could be multiplied by a large factor. At the same time, commercial data processing equipment is being employed for production scheduling and manufacturing control.

There is, clearly, scope for a large amount of duplication, both of data storage and of data capture. The first is very expensive, the second is a prime source of mistakes as well as being even more expensive.

Yet many of the facts fed into a computer during the design and manufacturing processes are essential to activities outside this area.

Because of these considerations, GEC-Marconi is looking at the task of linking together the processes of engineering, design and manufacture by means of an engineering data base.

Objective is to ensure that once information is correctly entered into a computer, it is automatically made available in subsequent processes without any need for further manual re-entry. At the same time, all past work is being made available to the designer for reference.

Discussions are also in progress as to how banks of information such as those on component performance can be held ready for access from several centres—in avionics or radar—which need them all the time. There is obviously scope for sharing but the essence of any such system must be ease of access and the problem is not so much one of computing as of establishing a powerful, high capacity communications network.

An immediate advantage of the database is that in companies like Marconi, continually carrying out complex system contracts, it will no longer be possible that staff working on one section of the contract should be operating on an out-of-date drawing or specification. Authorised alterations are immediate and general and can be drawn to the attention of other groups.

The system will be based on commercially-available machines and software packages. But there will be software specially written and specific procedures and practices developed to enable all the activities inherent in designing, bidding and executing to be linked. But it will be flexible enough to allow individual companies within a group to develop their own methods for particular stages of the engineering process, which will fit into the overall approach.

Because tolerances differ according to the application of a specific component within the same group, this will have to be allowed for. Companies will be able to start using various parts of the system to meet urgent needs and then expand step by step into the whole array of aids.

Main elements in the system as it now exists are Computervision graphics workstations, IBM main computers and GEC 4080 machines. Basic software for draughting is part of the first company's package, covering mechanical design, electrical layout and pattern formation on printed circuit boards.

The design equipment talks to the IBM machine so that engineering design packages for structural analysis (Nastran) or for the automatic production of numerican control tapes (APT) can be drawn upon. Design data thus derived is used by the large machine to feed its production control and purchasing routines.

Four Computervision systems have been set up within Marconi to date—at Marconi Research, Great Baddow, where it is shared by the team developing the integrated system and the mechanical draughting group; Marconi Radar, Leicester; GEC-General Signal for electrical layouts and at Marconi Italiana for printed circuit board design.

Two more large installations are on order for Marconi companies and a further three for GEC units.

All these and the 31 systems already at work will be involved in limited sections of the design task and it is the aim of the Computer Assisted Engineering Project at Great Baddow to see that computer aid is extended to all aspects of the design and production procedure.

● DATA PROCESSING

Computer systems costs cut

REDUCING THE price of add-on memory by 53 per cent per megabyte, and bundling several software products into the standard HP business computer package at no extra charge, has resulted in reductions of 12 to 18 per cent in the price of HP 3000 and HP 300 computer systems in typical delivered layouts. The largest systems are reduced even further.

Formerly mandatory monthly software support charges are supplanted by a range of alternatives, so software support costs may also be reduced greatly.

Software support plans formerly required with all HP business computer systems have been replaced with a plan which offers HP users a more flexible choice of software support alternatives. Customers may choose a level of support that is appropriate for the needs of each individual installation. Owners of multiple systems who can take on most of the task of supporting their own additional sites can cut out as much as 94 per cent of the list price for full support. A more typical saving, for example for a user with 10 HP 3000s, would be 46 per cent of formerly-required charges.

Machines in demand

BATTERED though it may be through the sharp fall in the value of its IBM machines out on lease, Itel International has nevertheless sold more of its Advanced Systems, IBM-compatible, machines in the first seven months of 1979 than it did throughout 1978.

As of July 31, Itel had received orders for 67 machines compared to 1978's total of 66, and 60 per cent of new business was done in May/July, with 16 contracts signed in the latter month.

Itel reports strong customer interest for the recently introduced 7020 and 7030 models, which are competitive with the IBM 4341.

Itel, Bowater House, 68 Knightsbridge, London SW1X 7LN. 01 584 5050.

Analyses made easy

MORE powerful software is available for Golden River's counter analyser, which provides full analyses of collected traffic data.

Phase 2 software allows between 12 and 30 weeks' data to be stored on each mini-floppy diskette, depending on counter interval, by automatically combining or merging of files. These master files can be edited to correct any errors and the file or part of the file listed on daily or weekly print outs produced.

There are also additional analysis routines which give long-term statistical analyses from the master file. In all cases data from up to nine diskettes from the same site can be processed. The start date and end date are also specified as are the range of days of the week over which the analyses are required.

Golden River, Telford Road, Bicester, Oxon OX6 0UL. 08692 44551.

● POLLUTION

Takes mist from fumes

GRP mist eliminator blades by Rigidon (UK) have extended the temperature limits for moisture removal from exhaust emissions up to 250°F (121°C). The blades are made from high-corrosion-resistant resin which can withstand attack from a variety of residual fumes in the exhaust. They are ideally suited for use on gas desulphurisation plants, sulphur dioxide fume scrubbers and other highly demanding applications.

Designed for moisture elimination in industrial air-conditioning systems, air pollution control equipment, process equipment and ventilating system, they consist of blade assemblies within a housing, usually made of the same material, which can be connected directly into a duct system or on the outlet from a piece of equipment.

Efficiency is very high, both on moisture removal—100 per cent on all droplets of 50 microns or larger—and on power consumption because of low-pressure drop through the blades.

Assemblies are lightweight, making installation easy and inexpensive — usually without additional support. Maintenance is also minimised both by the nature of the material and the design which does not require drilled holes or fasteners to fix the blades in position.

In addition to GRP many other materials are available.

Rigidon (UK), Hucclecote, Gloucester. 0452 69181.

● INSTRUMENTS

Measures flow of liquids

PARTICULARLY suitable for the water industry—for waste water and for water-borne slurries—are TURBO meters with mechanical registers, providing an accuracy within ±1½ per cent, says Westecn Instrumentation System (Intl.), Binary House, Park Road, Barnet, Herts. (01-440 7161).

No larger than conventional turbine meters, these direct reading instruments have the advantage of a direct reading mechanical register, or can be provided with an electrical pulse output.

Magnetic coupling of the vanes to the register reduces maintenance problems to a minimum, and the rotor and head assembly can be readily removed for servicing without disconnecting the meter from the line.

Straight-through flow design, together with the built-in straightening vanes and nose cone at the inlet side, enable operation at a higher than usual continuous flow rate, says the company, and also minimises the need for upstream straight pipework.

The meter's can also handle some viscous liquids and are available in four sizes, suitable for flows ranging from 6-1,600 imperial gallons a minute, and four different housing materials for measuring a wide variety of chemical solutions, oils, water and food ingredients at temperatures up to 250 degrees F. Repeatability is within ±0.5 per cent.

● TEXTILES

No dropped stitches

ELECTROLUX SUBSIDIARY, Husqvarna, has announced a computerised sewing machine for home use.

Microprocessor controls allow owners to program the machine for 21 basic stitches, plus unlimited combinations and mirror images of these.

The various stitches are captured on two cassettes which plug into the machine. If a fault occurs, a service cassette tells the owner where it lies.

The machine is available in Sweden now and will be launched world-wide next year.

● PROCESSING

Welds many materials

RAPID REPAIR process which is said makes it possible to cold weld practically all materials is called Durmetall and has been developed by Velodur Chemical AG, Baarerstrasse 38, Postfach 25, CH-6301 Zug.

Process is based on the molecular reaction between two paste-like elements—the base and the activator—each of which contains, in addition to different molecular substances, a high percentage of specially selected steel and other light metal particles.

When base and activator are mixed, they combine into macro-molecular chains which are said to form a completely new, durable and highly resistant metallic material.

Molecular reactions take three to four hours for the 'standard' product and three to four minutes only for the 'rapid' product, which makes it possible to carry out repairs on pipes and tanks that are under pressure or contain explosive substances.

As a result, in most cases, the company says an installation can be repaired without having to put it out of operation.

Process, all of whose elements (base, activator, detergent, etc.) are packed in a small easy to carry case, also makes it possible to repair parts or materials (engine-blocks, or special alloys, for example) not suitable for glueing or welding by traditional processes.

● COMPONENTS

Hoses will resist solvents

THREE TYPES of hose for various applications in the industrial finishing field are on offer from Exit Industrial Products.

All three combine high degrees of resistance to chemicals, abrasion and vibration and are coated with a particularly tough formulation withstanding utraviolet irradiation.

The polyester hose for static and dynamic use retains high flexibility and is resistant to practically every solvent with the exception of clorinated products. High tensile carbon steel, brass-plated is specified for both single and double wire-braided hose.

Static hose would be used for piston pump applications and dynamic hose for diaphragm-membrane uses where pulsation does have to be taken into account.

Static grade is for use in the temperature range minus 40 to plus 120 degrees C in internal diameters [illegible] and ½ inch. Dynamic grade runs from minus 40 to plus 80 but internal diameters are [illegible] and ½ inch only.

Polyamide II hose is similar to the previous one but superior for all chlorinated solvents. But when used with these in particular, the plasticiser will migrate making the hose very stiff after a short time. It is for static applications and comes in [illegible] and ½-inch internal diameters.

Working range is from minus 40 to plus 120 C and the same hose sizes are available as in the preceding grade.

More from Exit Industrial Products, 11 Abbey Hill, Kenilworth, Warwickshire. 0926 59418.

Fish hooks in Durham

WORLD'S LARGEST fish hook maker, O. Mustad and Son A/S, is moving its packing and distribution of fish hooks from Gjovik in southern Norway to Peterloo in County Durham.

One of the main reasons for this decision is the availability of good labour at a lower cost than in Norway, says the company. Also, Durham is geographically convenient for the centre of worldwide sales promotion and distribution.

The factory, on Peterloo's north-east industrial estate, will initially employ 40 people and open in October.

Further from Fred McClenaghan, Peterloo Development Corporation (0783 863366).

● HANDLING

Hoist needs less headroom

ZENITH Ultra Low Headroom (ULH) chain blocks offer savings when designed into new installations and considerable advantages where shortage of headroom is a serious problem. The latter of these two advantages is the one which would seem, at first glance, to be the most important.

Many existing hoisting applications have headrooms based on an original specification. As production methods change, components or loads often become larger, thus hoists have difficulty in lifting them to the required height. The new design of the Zenith ULH provides extra inches, and in some cases feet, to enable such problems to be overcome.

The average headroom dimension of a typical 10,000 kg (10 tons) travelling chain block is 800 mm to 900 mm. The Zenith ULH equivalent is 365 mm, a saving of over 50 per cent.

As well as general industry, the new range should have many applications in ships and off-shore oil rigs where space is at a premium. As building costs increase, the oil rig modules and below-decks areas of ships have to be decreased in size. A typical saving in headroom of 524 mm (20 in.) on a 10 ton hoist can make a valuable contribution to the efficiency of such areas.

John Barnsley and Sons, Overend Road, Cradley Heath, Warley. 0384 66886.

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It will be apparent that the successful applicant will need to be very experienced, not only in the area of commodity trading but also in the areas of business and staff management. Whilst not wishing to preclude any applicant who feels suitably qualified, we envisage a person in his thirties or forties who, put simply, has 'done it all'.

As an important career appointment, further advancement within the overall organisation is anticipated.

Interviews in London will be arranged with chosen applicants and should occur during September. Applications will be kept confidential.

Please address replies with full details of your track record to:
Ingolf Eide, General Manager,
Robert Howes & Associates Pty Ltd,
Bank of Adelaide Building,
275 George Street, Sydney, NSW 2000,
Australia. Telephone: 29 2911.

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28A Cadogan Square,
London, SW1X 0JH.

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The Secretary,
Savage & Heath Company Limited,
Lee House, London Wall, London. EC2Y 5AU.
01-606 0042

Finance for Innovation
Business Development Executive

The National Research Development Corporation (NRDC) wishes to recruit a business development executive, whose primary task will be to visit industrial companies throughout England and Wales and present NRDC's methods of finance to company directors and senior executives. This new appointment is part of the Corporation's effort to increase its rate of investment in projects aimed at developing new technology into marketable products. The person appointed will be based in London and will be accountable to the Corporation's Marketing Director.

Candidates, aged 30 to 40, must have a university degree and must have some experience in selling financial services at boardroom level. They must also be willing to spend a high proportion of their time travelling. Starting salary will be dependent on qualifications and experience but will not be less than £10,000. Car provided and attractive pension scheme.

Please send curriculum vitae to:
The Personnel Manager,
National Research Development Corporation,
Kingsgate House,
66-74 Victoria Street,
London SW1E 6SL.

NRDC

CHIEF EXECUTIVE

The Kennel Club located in central London is seeking a Chief Executive. The person appointed will be responsible to the General Committee for the administration and organisation of the affairs of the Club which is a sizeable business concerned with all aspects of canine affairs in the United Kingdom, and a social club. The task is an amalgam of administration including finance, legal matters, personnel, public relations and co-ordination. The applicant must have considerable executive and business experience, and a determination to manage successfully major and minor issues alike in support of a departmentalised staff of approximately 100. Salary will be commensurate with the importance of the position and conditions and fringe benefits are excellent.

Applications in confidence to the Chairman at the Kennel Club, 1 Clarges Street, London W1Y 8AB.

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You must be *professionally* qualified and have proven ability in the fields of management accounting and the supervision of staff.

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This is a demanding position offering scope to the person who is capable of displaying drive and initiative, and would be suitable for either a candidate interested in starting a career in this type of organisation, or an established person seeking a change.

An application form and further particulars may be obtained from:—

Polytechnic of the South Bank

The Staffing Officer,
Polytechnic of the South Bank,
Borough Road,
London, SE1 0AA.
Tel: 01-928 8989, Ext. 2023.

Deputy Accountant

The British Paper and Board Industry Federation is seeking a deputy accountant. The job is varied and involves all aspects of accounts work at executive staff level as well as supervision of a small accounts office. Very good pension scheme and fringe benefits. Salary attractive to a person currently earning £5,500 p.a.

Apply: The Secretary,
The British Paper and Board Industry Federation,
3 Plough Place, Fetter Lane,
London EC4A 1AL. Tel: 01-353 5222.

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Contact Colin Ayley.

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The ability to speak any European language is a mandatory requirement of this aggressive marketing-orientated U.S. group. It seeks a person willing to spend one third of his/her time on the Continent in short stretches. The person appointed will undertake operational reviews of the group's European activities although career prospects may be developed within the U.K. if preferred. Assistance with relocation will be given.
Contact Barrie Grossman, ACA.

FINANCIAL ANALYST
London **£8,500**

Involving liaison at senior executive level, this position calls for a young ACA who is above average in presentation, personality, communicative skills and ambition. The appointment, based at the worldwide H.Q. of a highly respected group, is a new one, designed to strengthen the quality of financial management. Varied responsibilities will include developing financial techniques and reviewing performance of individual businesses.
Contact Graham Perkins, ACMA.

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August 21st, 1979

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APPOINTMENTS

Executive changes at Royal London

Mr. W. H. Forsey

Mr. W. H. Forsey has become chief general manager of the ROYAL LONDON MUTUAL INSURANCE SOCIETY following the retirement of Mr. B. G. Skinner from that executive position. Mr. Skinner continues with the Society as chairman in a non-executive capacity. Mr. Forsey joined the Society in 1949, was elected to the board in 1973, and became deputy chief general manager in April last year. Mr. J. B. Knights has been made general manager and head of the Society's field division.

★

The Home Secretary has re-appointed Sir Roger Falk as deputy chairman of the GAMING BOARD FOR GREAT BRITAIN for a further year. Sir Roger was first appointed to the Board in 1978.

★

Mr. George Newton has been appointed general manager, divisional director, to the Northampton-based Rotary Division of the METTOY COMPANY. Mr. Roger Brown has become divisional marketing manager to Sportsmaster, part of Mettoy.

★

Mr. Michael Barnett has become industrial relations officer by the NATIONAL FEDERATION OF CLAY INDUSTRIES to succeed Mr. J. T. G. Bowcutt who has taken up a similar appointment with the KNITTING INDUSTRIES FEDERATION. Mr. Barnett, who joins NFCI on September 24, was previously with Bridon.

★

Major The Lord Darling has been appointed from September 1 as regional director of the Bristol regional board of LLOYDS BANK. He was chief executive of the Royal Bath and West and Southern Counties Society until he retired last May.

★

Mr. Robert Wright has been appointed a director of SHANDWICK PR COMPANY, a member of the Shandwick Communications Group.

★

Mr. Jan Sundberg, at present president of ASEA Singapore Pte, has been appointed president of ASEA BV, Apeldoorn, The Netherlands, as from September 1. He succeeds Mr. Hans H. Hiort, who become president of ASEA A/S, Adense, Denmark, on April 1. Mr. Lars Elvliage, who has been resident engineer at ASEA's representative in Turkey, has been made president of ASEA Iran Company, Tehran, replacing Mr. Jan Finnborg, who is taking up another post within the ASEA group.

★

Mr. R. T. Silkett has been appointed executive vice-president of RECKITT AND COLMAN NORTH AMERICA INC. from September 28 and will continue as president of the R. T. French Company. He will report to Mr. J. J. West, who joins the board of Reckitt and Colman North America and takes over responsibilities as group director for that company's food and wine business. Sir Michael Colman will be group director in charge of Reckitt and Colman's leisure business in North America, as well as retaining his position as group director UK. Mr. T. J. Cundith, president of Sunset Designs Inc., will be appointed to the board of Reckitt and Colman North America and will report to Sir Michael. Mr. E. J. Reveal, at present chairman of R. T. French and chief executive officer of Reckitt and Colman North America, will remain as chairman of the latter concern until his normal retirement date in October, 1980.

★

Mr. David James and Mr. Fred Duffield have acquired control of JOSEPH ADAMSON and have become chairman and managing director respectively. They have also purchased for the company assets of the local concern SSV Ltd. of Hyde, now in receivership. This addition will become the stainless steel vessel division. Mr. Edgar Barlow continues as financial director of Joseph Adamson, Mr. Brian Powers remains sales director, and Mr. Arthur Hurren, production director. Mr. Stanley Fox, also an executive of the company, will now be a director with special responsibilities as general manager of its dished ends division. Other divisions will be fabrication and also engineering services.

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Dr. Helmuth Buchner	Daimler-Benz AG Stuttgart	(Perspective for Hydrogen-hydride Technology)
Frank Chapple	Chairman, Fuel & Power Industries Committee of the Trades Union Congress	
Dr. Freddie Clarke	Research Director Energy, UKAEA, Harwell	(Alternative energy sources)
Czech Conroy	Friends of the Earth	(Alternative energy strategies)
Jarvis D. Cotton	Manager, Westinghouse Electric Corporation, U.S.A.	(Nuclear)
Dr. A. David Dainton	Director, National Coal Board, Research Establishment	(Future uses of coal)
Geoffrey G. Harding	Lucas Batteries Limited	(Electric vehicle project)
Dr. Peter N. Hobson	The Rowett Research Institute, Aberdeen	(Biogas from Agriculture – present status, future possibilities)
Ken A. D. Inglis	British Petroleum Company Limited	(Energy Crisis 2000?)
Tom Normanton, MP, MEP	Vice-chairman of European Parliament Committee for Energy and Research	(European Community approach – can anyone go it alone? Energy as a political force)
G. Max Rippon	Biomechanics Limited	(Energy from effluents)
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هكذا من الأصل

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

GKN prepares for a major assault on U.S. market

BY KENNETH GOODING

Dr. Philip Vrzal, president and chief executive officer, GKN Automotive Components Inc.

The fourth article in a series on the concept of a world car turns to the component suppliers and looks at how the biggest of Britain's engineering companies is investing heavily in its attempt to carve itself a major slice of the U.S. market

THE letters "GKN" in steel four feet high sunk into a granite slab stand on the lawn outside the new headquarters of GKN Automotive Components Inc. at Southfield, one of Detroit's more salubrious suburbs. The message conveyed by the ostentatious sign is "We are here to stay."

It is an apposite message. The headquarters of GKN Incorporated was opened less than a year ago, in October 1978, but already the U.S. subsidiary of Guest Keen and Nettlefolds, Britain's largest engineering group, has committed heavy expenditure to its move into America.

Speed of action is essential. Government regulations will result in U.S. automotive companies having to replace almost every car in their fleets by the mid-1980s. So they are now wide open to accept new ideas, new (to the U.S.) technology for the smaller, less-thirsty, safer vehicles they will produce. Any organisation wanting a piece of the action must be ready to take the opportunity now.

GKN gets its chance because of its dominant position in the world manufacture of constant velocity joints (CVJs), key components in the transmission of power from the engine to the wheels of front-wheel-drive-cars. The engineering problem with such cars is to contain the power and transmission parts in the confined space of the bonnet while still being able to transmit the required amount of power. Once this is solved, there is much more room in the passenger compartment so cars can be made smaller and lighter without losing passenger comfort.

In the past only one in 100 U.S. cars was front-wheel-drive; but GKN estimates that that number will reach more than half by 1985. And with 14m cars taking to the road for the first time every year in the States, that represents a huge chunk of potential business.

Among the world manufacturers outside North America, PSA Peugeot-Citroen via its Citroen subsidiary, makes CVJs using its own techoology while in the U.S. General Motors has developed its own CVJ technology based on GKN licences. However, in all, GKN reckons that it directly supplies 34 per cent and, together with its licensees, it supplies 95 per cent of the CVJs produced in the world.

To retain anything like that market penetration it must take advantage of the changes shaking the U.S. industry.

Double-quick

In its quest to reach that level GKN Inc. was able to put together a management team in double-quick time. It is headed by Dr. Philip Vrzal, president and chief executive officer. Dr. Vrzal joined GKN Inc. from the Bendix automotive components division where he was director of business development. Previously he was with Chrysler. The rest of the team follows a broadly similar pattern. In the main they are men in their late 30s or early 40s but with at least 15 years' experience in the automotive industry. And of the seven executive directors of GKN Inc. only two are from the UK.

Dr. Vrzal says he wanted "multi-faceted executives, those with more than one area of ability. And for as long as possible I want to keep them wearing various 'hats.' You can always grow as an organisation but it is much more difficult to slim down again."

The U.S. move represents another aspect of GKN group's determination to become a "world components supplier" as the era of the "world car" develops through the 1980s. GKN believes that the world components industry will split along product lines—one company will dominate the supply of one particular product—and has structured itself to take advantage of this.

The GKN driveshaft manufacturing companies (CVJs are part of the driveshaft) have been organised into GKN Universal Transmissions, a company based in West Germany. (See illustration.) The chief executives of the three manufacturing companies, Uni-Cardan in Germany, GKN Transmissions in the UK and GKN Inc., are all on the Universal Transmissions management Board and meet every two or three months.

Market sector panels—information-gathering bodies which cover passenger cars, commercial vehicles and so on—also meet on a regular basis. There are working parties which in effect are task forces devoted to looking at problems of diversification, long-term research and development as well as manufacturing, marketing and purchasing.

Dr. Vrzal says this structure "gives GKN the ability to make rational decisions about where new capacity should be placed."

GKN decided 18 months ago to press ahead with its first CVJ manufacturing plant in the States. It is going up at Sanford, North Carolina, and will come on stream in February next year. Its output of CVJs for 400,000 cars a year will go entirely to Ford of North America. The cost of the plant will be about $42m.

The second plant will be built at Alamance County, about 50 miles from Sanford and will draw its people from a different labour pool. It will probably come on stream in mid-1981, depending on GKN Incorporated customers' requirements. It will have the capacity to provide CVJs for 800,000 cars — double the Sanford annual capacity—but will employ only 100 more than Sanford's 500. The capital cost, around $30m, is also relatively low compared with the first plant. When working capital is taken into account, GKN's investment in Alamance will be around $80m. Alamance will make CVJs for a number of customers, not just Ford.

Dr. Vrzal reckons GKN Inc. will need at least one more CVJ facility in the U.S. to keep up with the demand it is expecting and possibly as many as six in all. The idea would be to keep them at a "manageable" size of around 500 people. Because GKN Inc. is working closely with Ford it could be that Ford might take a stake in the third plant and share the cost.

GKN Inc. was able to draw on the parent group's resources when Ford asked for advanced engineering on the new CVJs. GKN in the UK has the same kind of test equipment as Ford. "We can run their data through the GKN equipment and it is just like running round the Ford test track here," says Vrzal.

This close association with Ford obviously holds future dangers. GKN is spending heavily on one product mainly for one customer—a customer which might well decide to make its own CVJs when volume reaches the right level and GKN's patent protection runs out at the end of the 1980s. However, GKN Inc. is in a very early stage of development and it has extensive plans to broaden its base.

Already it has taken an important second step in the U.S. with the acquisition of Parts Industries of Memphis, a private concern with $100m of sales in the automotive components distribution business—known in the trade as the aftermarket. At first sight this might seem to have no connection with GKN Inc's CVJ operations, but the acquisition should help GKN protect this product.

In the U.S. 80 per cent of the products sold in the aftermarket are supplied by "pirates," companies which offer a substitute for the parts originally fitted by the car assembler. GKN wants, as far as possible, to head off that kind of pirate penetration as far as replacement CVJ's are concerned.

The new headquarters of GKN's American subsidiary at Southfield, Detroit, symbolise the group's major commitment in the U.S.

Matured

John Brookes, one of the two UK people Dr. Vrzal picked for his team and who is GKN Inc's director of business development, estimates that the aftermarket potential for replacement CVJs—or rather the complete jointed drive shafts of which CVJs are an integral part—will be $65m a year at manufacturers' prices by 1985. By 1990 the market should have matured as more and more front-wheel-drive vehicles take the road and will be worth about $200m a year.

GKN's purchase of Parts Industries (PI) gave it a start in the aftermarket in the U.S. but by no means could it restrict sales of its CVJs to the PI outlets. PI has 16 warehouses and there are another 1,300 similar warehouses owned by other companies throughout the U.S. GKN has already done deals with various independent distribution concerns and so far has signed up 150 warehouses to take its CVJ products.

PI will also be used as a base for further expansion in the aftermarket-distribution business. At present PI is in fourth place but well behind the leaders, Genuine Parts (with a turnover of over $1bn), American Parts Systems and General Automotive Products. Mr. Brookes believes there is no reason why GKN Inc. cannot by acquisition take second place in the league, although anti-trust laws would probably prevent it buying its way into first place.

It is also possible that GKN Inc. will get into the remanufacturing business. This involves the collection of damaged or worn parts from repair outlets and making them as good as new for the retail market.

Some 80 per cent of clutches sold in the U.S. aftermarket are remanufactured—an indication of the possibilities available. GKN Inc. could be first in the field with remanufactured CVJ driveshafts in the U.S., thereby killing a number of birds. First it would mop up the supply of second-hand CVJ driveshafts, leaving few for the pirates to pick up and work on. It would also protect the quality of the product which, after all, is a safety-related item. Then the group should end up with a supply of part-manufactured items bought at less than it would have cost to remanufacture them.

At the retail end there is no difference in the price charged for the remanufactured and new products. However, GKN Inc. would use a code system to ensure that no product is remanufactured twice, a system GKN uses in its remanufacturing operations elsewhere in the world.

Mr. Brookes says that to set up the right kind of remanufacturing network GKN Inc. would need six plants, each costing around $1.5m for equipment and a further $1.5m of working capital, by 1985.

GKN, the parent concern, is still considering whether to go ahead with this investment.

Meanwhile, with all the spending that is going on Parts Industries has another important virtue. It is a cash and profits - generating business, profits against which the starting-up costs can be offset for tax purposes..

Dr. Vrzal sees other manufacturing opportunities in the U.S. for existing GKN products — aluminium wheels (GKN already supplies 50 per cent of Ford's American requirements for these through imports) and for carbon fibre truck components.

But all this will take time, given that his "multi-faceted" management team is already stretched.

Why Western management practice can benefit Japan

OBSERVERS of management practice have for many years been preoccupied with trying to uncover the secrets of Japanese industry's success. No single clear answer has emerged, yet many commentators continue to suggest that industry in the West could usefully learn some useful lessons by adopting, and adapting, the best of Japanese management systems.

But what of the Japanese themselves? Do they feel they have the perfect, enduring answer to economic growth; or could they, too, benefit by looking beyond their own borders?

The answer is yes they can, according to a Japanese management consultant, Shigemi Wakamatsu, writing in the latest quarterly bulletin of McKinsey, the international management consultants, suggests that management trends and practice of Europe and the U.S. cannot be dismissed as a law unto themselves with no relevance for Japan.

"The realities of business life are changing for Japanese companies, too," he says. "No longer can we afford to refer all important decisions up to a supposedly wise, unchallenged individual; that approach is no longer acceptable, either to the stockholders or to senior management itself. We need to encourage more independent thinking below the top management level."

Mr. Wakamatsu bases his views on this own work experience both in the East and the West, and also on interviews he conducted with the chief officers of 25 leading U.S. and European corporations. In his talks with them he discussed their style, philosophy and principal management concerns.

Mr. Wakamatsu says four main themes emerged from his interviews. First was the dominant profit orientation and competitive drive of top Western businessmen, and the prevalence of built-in mechanisms for management accountability.

Second, there was widespread concern with the "care and feeding" of outstanding executive talent, and the linking of promotion to performance. Third, was the trend toward delegation of management responsibility as a means of fostering entrepreneurship and streamlining organisational processes.

Fourth, was the relative freedom of Western top management to control the use of their own time.

What impressed Mr. Wakamatsu was Western industry's dominent concern with profitability. Unlike his Japanese counterpart who can rarely cut out un-needed jobs in the interests of cost-efficiency, the American manager whose business fails to return a profit really has no excuse.

Mechanisms designed to assure top management profit accountability were also much in evidence, he says. Yet concerned though top level executives in the West are with profitability, other factors, such as recruiting and retaining good personnel, strengthening line management and delegating authority and teamwork at the top, preoccupied them.

But having chased and won talent, Western companies run a great risk of having it wooed away. "While Japanese managers agonise over their inability to shed excess staff, the problem of retaining top performers is clearly one of U.S. management's biggest headaches."

Mr. Wakamatsu also looks at the function of the Board of directors in European and American companies and at the use of non-executive directors; and the practice of some companies of encouraging senior executives to accept invitations from other concerns to take non-executive seats on their Boards.

And in the area of planning, Mr. Wakamatsu says there is a "major difference" between Western and Japanese approaches. A Japanese company president seldom has time to spend as he wishes. "On the incessant round of purely ceremonial functions, he faces one conference after another and an endless series of 'executive salesmanship' commitments." In the West, on the other hand, much less time is taken up with official formalities.

Mr. Wakamatsu says the Japanese need to look hard at the trend both in Europe and the U.S. toward a more vigorous interaction between the chief executive officer and the board of directors. Perhaps the Japanese should also consider appointing outside directors, he suggests.

Mr. Wakamatsu also believes the gradual trend in Japan to early promotion must continue and that the discouraging element of the country's "demerit" system, which tends to make executives play safe rather than take risks, must be avoided.

Nicholas Leslie

Business courses

Guidelines for Action on Employee Involvement. London. September 20. Fee: £69. Details from Employee Communication Unit, Confederation of British Industry, 21 Tothill Street, London SW1H 9LP.

Old Product Development. London. September 28. Fee £75 (plus VAT). Details from Company Communications Centre, 50 Tufton Street, London, SW1.

The Television Planning and Buying Seminar. London. October 4. Fee: £80 (plus VAT). Details from Oyez International Business Communications, Norwich House, 11-13 Norwich Street, London EC4A 1AB.

Developing Managerial Effectiveness. Henley. October 7-13. Details from The Administrative Staff College, Greenlands, Henley-on-Thames, Oxfordshire. RG9 3AU.

Paying People Abroad. London. October 9-11. Fee: £275 (plus VAT). Details from ORC(UK), 1 Albemarle Street, London W1.

Retail Cash Handling in the 'Eighties. London. October 3. Fee: £75. Details from Retail Conferences, 30 London Road, Westerham, Kent TN16 1BD.

Management of Research and Development, Manchester. October 15-19. Fee: £325. Details from Post-experience Course Administrator, Manchester Business School, Booth Street West, Manchester M15 6PB.

Appraising your Performance Appraisal System, Brunel University, Uxbridge, Middx. October 8-10. Fee: £190. Details from The Secretary, Brunel Management Programme, Brunel University, Uxbridge, Middx. UB8 3PH.

The Purchase of Consumables and Maintenance Items, London. October 15. Fee £65 (plus VAT). Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent, BR5 1LZ.

Industrial Marketing Management, Bradford. October 21-26. Fee: £260. Details from The Course Director, University of Bradford Management Centre, Bradford, West Yorkshire, BD9 4JU.

LOMBARD

A test for U.S. know-how

BY NICHOLAS COLCHESTER

THERE WAS a thriving solar energy business in California at the turn of the century. In 1891 the mustachioed entrepreneur Clarence Kemp patented the "Climax Water Heater" and his business took off. By 1897 some 30 per cent of the homes in Pasadena are said to have had solar heaters on their roofs.

Then came the "Walker," the "Improved Climax" and, in 1909, the "Day and Night," a brand name which became synonymous with solar heat in the Los Angeles area. This company's best year, 1920, was swiftly followed by downfall. Oil and gas were discovered in the Los Angeles basin. The price of energy dropped. Solar heat vanished into the smog.

Bureaucracy

Today Clarence Kemp is being recalled from the grave, but in a way which doubtless dismays him. In 1890 he was motivated quite simply by a conflict between his desire for a hot bath and the price of gas. Now he finds himself part of an "energy programme," allocated funds by a vast bureaucracy in a confused capital.

He can prove on the back of an envelope that the price of energy in the U.S. is still a bit too low for his roof heaters to be worth the candle. But a Department of Energy, and an Energy Mobilisation Board and an Energy Security Corporation tell him to get on with it anyway to help solve the nation's spiritual crisis.

In the matter of energy the industrialised world's lack of faith in the price mechanism is very striking. On the demand side of the equation it is a fact that the rise in the real price of oil which took place earlier this decade has put a big damper on consumption. Before 1973 energy consumption in the industrialised countries rose at the same pace as Gross National Product: afterwards, the rate was down to one-third that of GNP growth. Yet few people seem to draw much encouragement from this fact.

On the supply side the array of alternative sources of energy waiting to be unleashed by a price rise is bewildering in its diversity—much too bewildering for the purveyors of planification. Clearly, the process of natural selection will not produce the answers overnight. It needs a sustained, but not necessarily large, real price rise to make a sufficient number of them worthwhile.

The second oil shock has barely started to establish such conditions. For all the recent OPEC fireworks, according to figures published last week by the World Bank, the average price of crude oil in 1979 will have barely budged in real terms since 1974, except for a slight decline during the intervening period. Over a reasonable length of time the supply-demand relationship in world energy is surely price elastic. Yet sudden, quite small, changes in supply can cause severe, but temporary, dislocations in the flow of oil down the long supply lines to the petrol pumps. This creates the impression that energy is the Achilles heel of the industrialised world.

It is hard to believe that American inventiveness is not itching to get to grips with the rise in the energy price which U.S. politicians have delayed. From the photo-electric wizards in Silicon Valley right down to the great American handyman—the passing of a freakish five decades of abundant, cheap oil should be just the stimulus they need.

Yet perhaps the great tradition of America's entrepreneurial ingenuity is fading. Chrysler's problems are a case in point. Through the years of cheap gasoline the U.S. car manufacturers resorted to "built-in obsolescence" to keep their ingenuity and their factories employed. Yet the first real challenge for decades has caught them on the hop, despite ample warning over the past four years from the car importers. Now Chrysler comes cap-in-hand to Washington.

And the American public, jolted into awareness by petrol queues, looks to the White House for answers. The White House gives it projections, targets, quotas, programmes, energy audits, oil tickets and whole new bureaucracies — all announced with great fanfare and emotion before being sat upon by Congress. It seems to be a huge charade to prevent a simple, and not very painful, and quite possibly invigorating, reality from breaking through.

The mustachioed ghost of Clarence Kemp is waiting with his improved "Climax" until the price was right. Or is he not the man he once was?

Press shows which go wrong

FILM AND VIDEO

BY JOHN CHITTOCK

IT IS said in Fleet Street that this is the silly season: a period of the year when nothing much reportable is happening. There may be some truth in the notion, but for the audio-visual press there seems to be no slackening of press previews or the launch of new films.

This may reflect upon the sad lack of expertise which so frequently characterises many press previews—if Fleet Street and the business world is quiet in August, who will respond to a press show then? Yet the lack of expertise runs sufficiently throughout the year to have encouraged the Film and Video Press Group to examine the problem and publish a booklet about it.* The publication is a distillation of the views and collective experience of editors and journalists within the audio-visual press.

As chairman of the group, I have to declare an interest, but as a frequent sufferer of the bad practices described in the booklet I can comment with some authority. One of my contributions told of a press show held at the ICA Galleries in London but wrongly identified on the invitation as being in the City instead of SW1. In consequence, many guests failed to turn up or were in a nervous state when they did arrive.

The booklet summarises many of the areas where press shows go wrong: the failure to provide hand-outs, uncaptioned photographs and starting times without a clear indication as to whether these are precise or will in fact cause journalists to waste half-an-hour or more after arrival. The net result of these failures, and many others, is that the sponsor or organisation holding the press show erects an obstacle course for the journalist who might give editorial coverage in his publication.

My own particular bane, experienced at one of the silly season's previews recently held, is the film screening that takes place in mid-afternoon or mid-morning—effectively requiring half a day to attend. The Centre for Television and Radio Communication was the culprit on this occasion with the 2.30 pm (but in practice nearer 3 pm) preview of its latest film. Fortunately, I was only five minutes walk away from the venue, the British Medical Association, and so avoided the frantic rush that might have preceded my calm attempts to be an objective reviewer of this important film called *Stress*.

What a pity that more of my colleagues in the audio-visual Press were not there (I only spotted two). This is an excellent film—a serious, balanced and apparently thorough account in 50 minutes of the nature of stress, its causes and possible treatments.

Part of this success is due to Dr. Malcolm Carruthers the medical consultant who also appears before camera. He comes over as one of those sane and reasonable experts with an open mind. There is a kind of moral in the film: "the answer to stress could ultimately lie in coming to terms with ourselves, by taking a long hard look at the person we are, and accepting what we find." The sponsor of the film, CTVC, is concerned with helping the church to use the media—and perhaps through knowing this, and perhaps through subtle innuendo in the film, I found myself also thinking about the religious overtones of "coming to terms with ourselves."

The film does successfully implant this notion in the viewer. Indeed, it somehow manages to narrow the gap between psychoanalysis and religion.

Returning to the Film and Video Press Group's booklet, the ideal Press hand-out, it says "should, of course, be available prior to the actual presentation." The reasons are sensible enough—"most reviewers want to know the purpose behind the presentation." It might have added that journalists often arrive without a scrap of paper on their person and many is the Press release that has served in the dark as a notepad on the reverse side.

One gem of advice that has been omitted is that if practicable, enclose in the Press pack a transcript of the film commentary. This is helpful in reminding reviewers of the detailed content of the film, and is frequently the source of many quotable facts from the film.

One of the past masters of the industrial film preview is British Petroleum, which always encloses a commentary transcript in its Press packs. Its latest film—*Energy within Reason*—was no exception, although the accompanying Press release on this occasion implied that it was a BP Oil film, which to a pedantic journalist is not the same as the company identified on the commentary script (merely BP). If a journalist attributes credit to the wrong subsidiary, or worse to the group company, this frequently yields fiercer reaction than getting the annual results wrong.

Energy with Reason is less cinematic and more cerebral than the average BP film. The film is essentially an appeal to common sense over the use of energy, with enough facts and visual evidence to demonstrate how we do waste it—and how it can be saved.

Are you certain the seats are uncomfortable enough? We've got to keep them awake somehow!

This film also highlighted the value of a well-run Press show because everything was organised to encourage a receptive ambience and discussion later. BP usually run their previews at mid-day followed by a buffet lunch, which avoids the disruption of a working morning and encourages informal discussion afterwards.

BP has an advantage which few companies enjoy—its own preview cinemas (to my knowledge at least four, including the newest at the premises of BP Oil where this preview was held). The use of a properly designed cinema for a Press preview is highly desirable; few hotels and other venues are equipped to project films to a satisfactory standard of technical quality.

With thoughts like this in mind, the preview booklet also lists details of the major preview cinemas which are available for hire in London and the regions. But there is no guarantee against problems, and many previews I attend—even in the best-equipped places — still manage to provide an anonymous workman who is hammering or drilling upstairs, downstairs or next door. This is not a journalistic pay-off line but an extraordinary fact which forever puzzles me.

* *Available from the British Industrial and Scientific Film Association at 26 D'arblay Street, London W1V 3FH.*

Conditions favour Troy

RACING

BY DOMINIC WIGAN

GOOD TO soft is the official going report for today's opening programme of York's August meeting. But if, as I understand, the ground will be riding heavier than that forecast suggests, Troy should again come good.

Gay Mecene is the one surprising absentee in the Benson and Hedges Gold Cup line-up. His defection alongside those of Foveros and France's Gain leaves 11 declared. That number may well be reduced for Sandy Creek is by no means sure to take his chance.

Irrespective of Road to Glory's ability to cut out the required early pace for Troy, both Lyphard's Wish and Sexton Blake seem almost certain to ensure there is no dawdling in the early stages of this 10½-furlong event. It is the first-named and that remarkable mare, Swiss Maid, whom I anticipate giving the Berkshire colt his most serious problems.

Lyphard's Wish has always struck me as 1¼-mile performer, despite that brave Derby effort, and it is worth remembering his fine run over this course and distance in the Mecca-Dante back in May.

Paul Kelleway must have been more than heartened by Swiss Maid's bold showing in the King George VI and Queen Elizabeth Diamond Stakes.

The Welsh Pageant filly again fully satisfied him in chasing home Kris at five lengths in the Sussex Stakes. But for the fact that the ground will be against her, she would have been my selection. As it is, Troy must get the vote with everything, it seems, but the distance going for him.

Half an hour after that always-controversial event, four home-trained fillies take on the Robert Sangster, Vincent O'Brient and Lester Piggott combination, represented by Godetia in another group one event, the Yorkshire Oaks. I cannot see the Irish filly, a daughter of Sir Ivor, failing to plunder the prize.

Suffering, like many inmates of O'Brien's Cashel Stable from the effects of a virus in the spring and early summer, Godetia, like most of the remainder, has now begun to show her true merit. A reproduction of her Irish Guinness Oaks performance, which saw her dealing with the French-trained Producer, should see her running out a comfortable winner.

YORK

2.00—Sanhedrin*
2.30—Piaffer
3.10—Troy
3.40—Godetia**
4.15—Rontino***
4.45—The Solent
5.15—Chiparia

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tonight & Thurs. 7.30: Die Fledermaus. Tomor. 5.30: Siegfried. Fri. 7.30: La Traviata. Sat. 4.30: Twilight of the Gods. 104 balcony seats avail. from 10 am on day of perf.

DRURY LANE. CC. 01-836 8108. Opens September 25th. Previews from September 21. CAROL CHANNING in HELLO DOLLY! with Eddie Bracken. Box Office now open.

FORTUNE. 836 2238. Evgs. 8.00.

ST. GEORGES—THE ONLY ELISABETHAN TH. Tufnell Park Rd., N7. 607 1128. Evgs. 7.30 Ton't., Tomor. JULIUS CAESAR. Thur. to Wed. next AS YOU LIKE IT. 24-hour booking service.

ST. MARTIN'S. Credit cards 836 1443. Evgs. 8. Mat. Tues. 2.45, Sat. 5 and 8. AGATHA CHRISTIE'S

THEATRES

TV Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.45 Magic Roundabout. 9.50 Jackanory. 10.05 Don and Pete. 10.10 Desert Adventure. 10.35 Take Hart. 10.55 Cricket: Third Test—England v India. 1.30 pm Ragtime. 1.45 News. 2.05 Cricket: Third Test. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Hunter's Gold. 5.10 Young Explorers. 5.35 The Wombles.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Blue Peter Special Assignment.
7.05 Dad's Army (London and South East only.
7.35 The Tuesday Film: "Bengal Brigade," starring Rock Hudson.
9.00 News.
9.25 Young Love.
10.15 Play for Today.
11.30 The Sky at Night.
11.50 Weather, Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 7.05-7.35 Dad's Army. 11.50 News and Weather for Scotland.

Wales—4.45 pm Crystal Tipps and Alistair. 4.50-5.10 Mae gen I Stori . . . 5.55 Wales Today. 6.15-6.20 Newyddion. 7.05-7.30 Dad's Army. 11.50 News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 7.05-7.35 Starring Terri Stevens. 11.50 News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 7.05-7.35 East (Norwich) Joint Account; Midlands (Birmingham) Going for a Million; North (Leeds) Mr. Smith Steps Out; North East (Newcastle) Looks Natural; North West (Manchester) The Time, the Place and the Music; South (Southampton) Hey Look . . . That's Me!; South West (Plymouth) Day Out; West (Bristol) Flying High.

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC-1 4.20 pm).
4.30 pm Cricket: Third Test.
6.05 Open University.
6.55 The Great Orchestras.
7.50 Mid-Evening News.
8.00 Ten On Two. Film.
8.10 Brass Tacks.
9.00 Rhoda.
9.25 Born To The Wind.
10.10 Cricket: Third Test (highlights).
10.40 Late News.
10.55 Beethoven: The Gabrieli String Quartet play String Quartet in C. Op. 29.
11.30 Closedown reading.

LONDON

9.30 am Home Nursing. 10.00 Paint along with Nancy. 10.30 Felix the Cat. 10.40 "Return To Warbow," starring Phil Carey. 11.45 Mystery Island. 12.00 Simon in the Land of Chalk Drawings. 12.10 pm Rainbow. 12.30 Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 The National Gallery. 2.25 Racing from York, covering the 2.30, 3.10 and 3.40 races. 3.50 The Sullivans. 4.20 Under the Same Sun. 4.45 Kidsworld. 5.15 Sam.

5.45 News.
6.00 Thames News.
6.05 Monty's London.
6.35 Crossroads.
7.00 Sapphire and Steel.
7.30 George and Mildred.
8.00 The Streets of San Francisco.

IBA programmes are included for all regions in the advent of a settlement of the industrial dispute

9.00 Love Among the Artists.
10.00 News.
10.30 Camera.
†11.00 Appointment with Fear: "Tarantula."
12.25 am Close: Gai Eaton with readings from the Islamic tradition.

All IBA Regions as London, except at the following times:—

ANGLIA

10.35 a.m. Rocket Robin Hood. 11.00 Taffy. 11.25 Solo One. 11.50 Cartoon Time. 1.25 p.m. Anglia News. 3.50 Cabbages and Kings. 5.15 The Squirrels. 6.00 About Anglia. 7.30 This England. 8.00 Have Girls Will Travel. 11.00 Inside Business. 11.30 Sidestreet. 12.30 a.m. Anthology.

ATV

10.30 a.m. Morning Cinema: "Sunstruck" starring Harry Secombe. 1.20 p.m. ATV Newsdesk. 3.50 Stars on Ice. 5.15 Dynomutt. 6.00 ATV Today. 7.30 This England. 8.00 Mind Your Language. 8.30 Get Some In! 11.00 Origins of the Mafia.

BORDER

10.30 a.m. Morning Cinema: "A French Mistress". 1.20 p.m. Border News. 3.50 Untamed World. 5.15 The Squirrels. 6.00 Lookaround Tuesday. 7.30 This England. 8.00 Fantasy Island. 11.00 George Hamilton IV. 11.30 Sidestreet. 12.30 p.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's on Where. 3.50 The Electric Theatre Show. 5.15 Stars on Ice. 6.00 Channel News. 6.10 Dynomutt The Dog Wonder. 7.30 This England. 8.00 B.J. and the Bear. 10.28 Channel Late News. 11.00 Pietro Annigoni. 11.50 Chopper Squad. 12.45 pm Commentaires et previsions Meteorologiques.

GRAMPIAN

9.30 a.m. First Thing. 10.30 The Search for the Persian Royal Road. 11.15 Cartoon Time. 11.30 Spiderman. 1.20 p.m. Grampian News Headlines. 3.50 The Sullivans. 5.15 The Squirrels. 6.00 Grampian Today. 6.05 Perspective. 7.30 Life Begins at Forty. 11.00 Reflections. 11.05 Power without Glory. 12.05 a.m. Take the Mick. 12.30 Grampian Late Night Headlines.

GRANADA

10.30 am Sesame Street. 11.25 The Beachcombers. 11.50 Look At Life. 1.20 pm Cartoon. 3.50 The Amazing World of Kreskin. 5.10 Felix the Cat. 5.15 Crossroads. 6.00 Granada News. 6.05 Time Off. 6.30 Cabbages and Kings. 7.30 This England. 8.00 The Love Boat. 11.00 Late Night Movie: "The Strange and Deadly Occurrence."

HTV

†10.30 am "Two Flags West," starring Joseph Cotten and Linda Darnell. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 3.50 Stars On Ice. 5.15 Melotoons. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Squirrels. 7.30 This England. 8.00 Lucan. 11.00 Fireside Theatre.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30-11.00 Dim Ond Heddiw.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

10.30 am Feature Film: "The Racers," starring Kirk Douglas. 1.25 pm News. 3.50 The Electric Theatre Show. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today—Summer Extra. 6.30 Get Some In. 7.30 This England. 8.00 Twist In The Tale. 11.00 Late Call. 11.05 From The Top. 11.35 The Human Face Of China.

SOUTHERN

10.30 am Call It Macaroni. 10.55 David Hand Cartoon. 11.05 Coral World 11.45 Woody Woodpecker. 12.30 pm Emmerdale Farm. 1.20 Southern News. 3.50 Get Some In. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 7.30 This England. 11.00 Southern News Extra. 11.10 Mannix.

TYNE TEES

9.25 am The Good Word followed by North-East News Headlines. †10.30 Morning Movie: "Men Are Not Gods," starring Gertrude Lawrence and Miriam Hopkins. 1.20 pm North-East News and Lookaround. 3.50 The New Andy Williams Show. 5.15 Mork and Mindy. 6.00 Northern Life. 7.30 This England. 8.00 Hawaii Five-O. 11.00 The Human Face Of China. 11.30 Mannix. 12.30 am Epilogue.

ULSTER

10.30 am Tuesday Morning Movie: "Sixty Glorious Years," starring Anna Neagle. 1.20 Lunchtime. 3.50 Stars On Ice. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.15 Milestones Or Millstones? 6.30 The Best Disco In Town. 7.30 This England. 8.00 The New Avengers. 11.00 The Outsiders. 12.00 Bedtime.

WESTWARD

10.30 am Sesame Street. 11.30 Call It Macaroni. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.50 The Electric Theatre Show. 5.15 Stars On Ice. 6.00 Westward Diary. 7.30 This England. 8.00 B.J. And The Bear. 10.28 Westward Late News. 11.00 Pietro Annigoni. 11.50 Chopper Squad. 12.45 am Faith For Life. 12.50 West Country Weather, Shipping Forecast.

YORKSHIRE

10.20 am Mumbly. 10.45 Beachcombers. 11.10 The Mackenzie Affair. 1.20 pm Calendar News. 3.50 Cabbages and Kings. 5.15 The Squirrels. 6.00 Calendar (Emley Moor and Belmont editions). 7.30 This England. 8.00 Lucan. 11.00 Sidestreet. 11.55 George Hamilton IV.

Radio Wavelengths

1	1053kHz/285m, 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 a.m. As Radio 2. 6.00 Andy Peebles. 9.00 Simon Bates. 11.00 Call. 8.00 Mike Read. 9.50 Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 a.m. As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Derek Hobson (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S) including Racing from York. 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Don Durbridge (S). 6.45 Sports Desk. 7.02 Brian Fahey and the BBC Scottish Radio Orchestra (S). 7.30 Sports Desk. 7.33 Folk 79 (S). 8.02 Nordring: Rendezvous from Germany (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 The Frankie Howard Variety Show. 11.02 Round Midnight from Edinburgh, including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

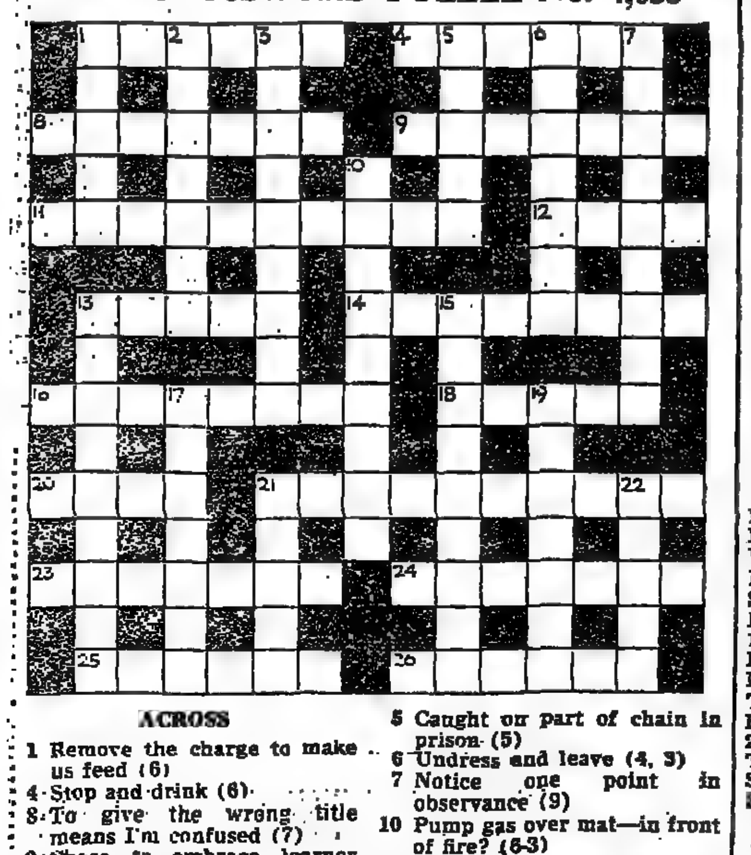
6.55 am Weather. 7.00 News. 7.05 Overture Concert, part 1 (S). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composer: Handel (S). 10.10 Northern Sinfonia Wind Ensemble (S). 10.55 Cricket: Third Test —England v. India, including 1.35 pm News. 1.40 The Arts Worldwide. 2.00 Lunchtime scoreboard. 6.30 At Home. 7.10 Proms 79: "Billy Budd," opera in two acts by Britten. Act 1 (S). 8.40 Italo Svevo. 9.00 Proms 79 "Billy Budd," Act 2 (S). 10.30 Call Me Ishmael (S). 11.15 Liszt (S). 11.55-12.00 News.

VHF with Medium Wave above except 6.00-7.00 and 10.55 am-7.10 pm as follows: 6.00-7.00 am Open University. 10.55 Cello and Piano Recital (S). 11.40 BBC Welsh Symphony Orchestra (S). 1.00 pm News. 1.05 The Arts Worldwide. 1.25 Bach Concertos in Transcription (S). 2.00 In Partnership. 2.45 Elgar and Moeran (S). 3.20 Bach's Unaccompanied Cello Suites (S). 3.55 Youth Orchestras of the World (S). 5.15 Jazz Today (S). 5.45-7.10 Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.45 Theatre Street. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre (S). 11.30 A Sideways Look At . . . 11.45 Listen With Mother. 12.00 News. 12.02 pm You And Yours. 12.20 Desert Island Discs. 12.55 Weather: programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 A Small Country Living. 3.35 A Dance to the Music of Time (S). 4.30 Announcements. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 Good Morning Sun. 8.05 Something Appealing, Something Appalling. 8.45 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Come to the Cabaret. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,053



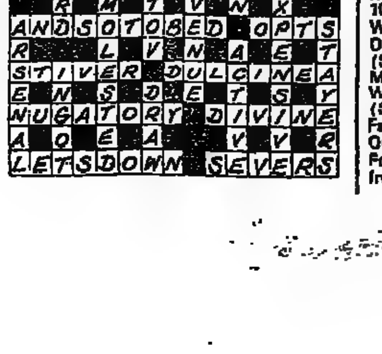
ACROSS

1 Remove the charge to make us feed (6)
4 Stop and drink (6)
8 To give the wrong title means I'm confused (7)
9 Chose to embrace learner and got drunk (7)
11 Go over and stop to test the accuracy of a statement (5-5)
12 Order it or leave it out (4)
13 She will shortly provide a crust (5)
14 Approved even if I tread wrongly (8)
16 Cockneys get short measure when they steal (4-4)
18 Paradoxical odds? (5)
20 Old silver edition (4)
21 No vegetables have it but 4 and 9 do! (6-4)
23 Man up front on the pitch is not working (7)
24 Guide making young animal hesitate (7)
25 He may stagger about needing shoe repair (6)
26 Old-fashioned lawn-mower (6)

DOWN

1 Doctor that is right for dehydrating (5)
2 Contrivance in grand ship going to the east (7)
3 Point; that's it (9)
5 Caught on part of chain in prison (5)
6 Undress and leave (4, 3)
7 Notice one point in observance (9)
10 Pump gas over mat—in front of fire? (6-3)
13 Sound of amusement from the south could be killing (9)
15 Speculative article with unusually erotic following (9)
17 Tot in angle could be fussy (7)
19 Sincere listener gets home (7)
21 Is rising fairly late in the day. It's a riddle (5)
22 Excessively large order goes to the south-east (5)

SOLUTION TO PUZZLE No. 4,052



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THE ARTS

Whitechapel Gallery

Summer Show

by WILLIAM PACKER

The Whitechapel Gallery has always been alive to its peculiar position, and consequent responsibilities within the local community, and in most years for a generation past, in an obvious and often valuable response, has put on show something of the work of artists who live or keep their studios in the City and East End of London. But latterly the exhibitions thus obtained have lost their local emphasis to gain a wider, more national character. In barely more than a dozen years or so the pattern of cockney industry and commerce has changed fundamentally, certainly at far faster a pace than authorities, landlords and developers have been able, willing or allowed to match. And, seeing the warehouses and factories falling idle and empty, against much initial suspicion and prejudice on the part of the proprietors, the artists moved in: ten years ago it was St. Katherine's Dock, then Stepney Green School, today it is Wapping Wall and New Crane Wharf, among many other sites administered by the admirable SPACE Studios organisation, that are positive hives of artists, full of the sober and hard-working bees that make ideal tenants, more than anxious to keep the rain out, the door locked and their work secure.

It seems likely that there are now more artists working in Tower Hamlets alone than in any other part of London; and they are all eligible for any Whitechapel Open. The submission was indeed gratifyingly but awkwardly high on the past two occasions, which has led to a significant change of policy: and this year the Summer Show is not an Open at all, but strictly an Invitation Event. And of course it is a very different kind of show, rather low in key, quiet and comparatively unambitious, with only 14 artists taking part (I must leave out the dance group, X6 Dance Space): which is not at all to say it is uninteresting or ineffective, but rather that our expectations are not quite the same as those we might have of such a show as the Hayward Annual, are perhaps less exacting.

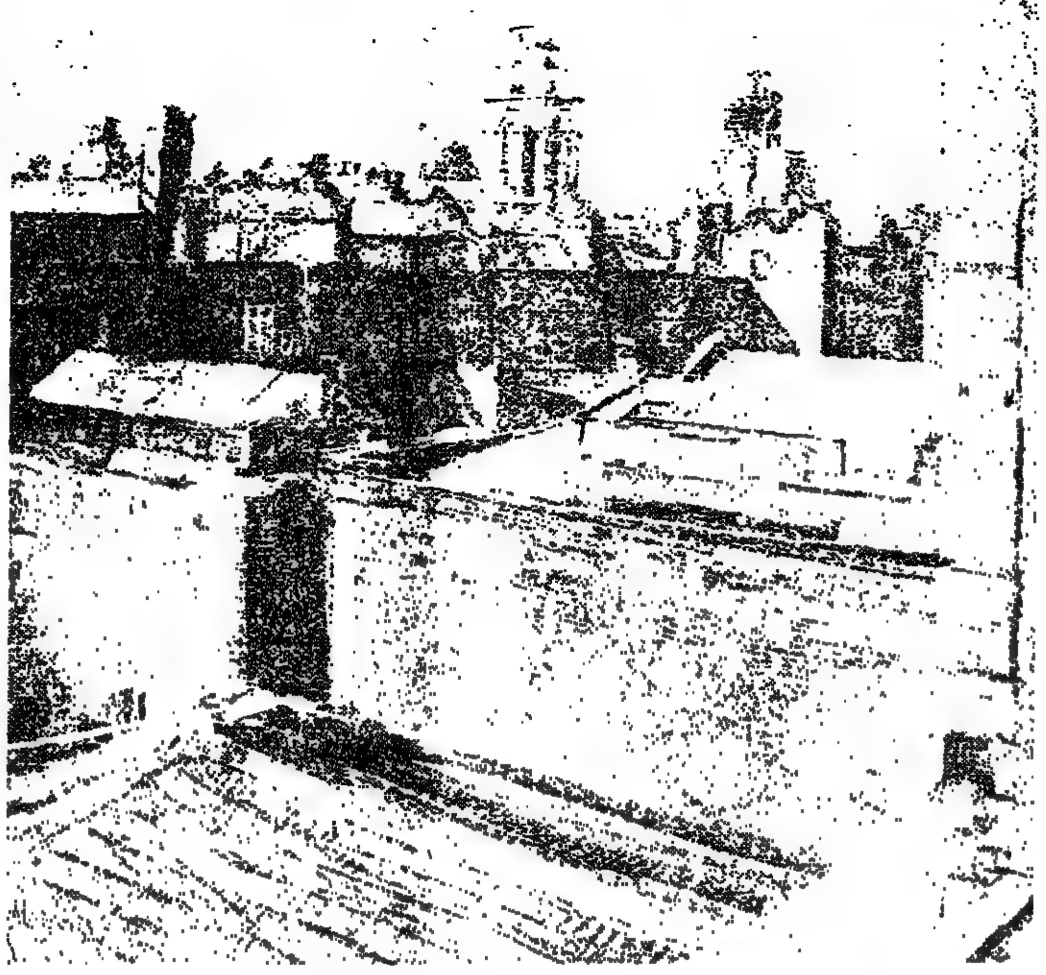
Each artist is shown simply and clearly, his particular display no more nor less irritating, enjoyable or boring than the work itself deserves, which means after all that the show is doing its job. But the overall quietness is also perhaps a symptom of a certain ordinariness: it is manifestly an unexciting show, full of worthy things, embracing a fairly wide range of activity, but all its virtue muffling the better work and flattering the worse by its po-faced complacency. Little Jack Horner pulls out plum after plum, conscientious abstraction, a little bit of photography, naive figuration, even more naive political figuration, his sentimental working-class heart beating heavily in the right place: but every greengrocer knows full well there are plums and plums.

The best of the socialists is John Allin, who has a strong sense of design and a keen eye for evocative detail; and, to be fair, his paintings are charming in their untutored way, and quite free of overt polemic. The same cannot be said of Dan Jones, unfortunately, who might well be the better artist, for his compositions are freely handled and adventurous in conception, but has yet to learn that there is more to painting than natural flair and subject-matter. And Jeff Perks makes the point even more strongly, for he is a virtuoso of the lino-cut, and his prints are embarrassingly, mawkishly obvious in their crude and heavy-handed meaningfulness, a jargon word to match a cliché-ridden and unvisual attitude. The Whitechapel, it seems, cannot resist identification with the Cause.

The straight painting, with two exceptions, is disappointing. Noel Forster, John Moores' latest victor ludorum, Jules de Goede and Marc Vaux all patently and safely earnest in their endeavours, with Vaux's long retreat from the surface now complete at last. It will be difficult for him, no doubt, but necessary to return, and, whether it is to be with extreme circumspection, which is more likely, or with an energetic rush, which might be much better for him and us, remains to be seen.

The good things are by Anthony Eyton, whose cityscapes and gatherings sit downstairs somewhat aloof, and though not entirely new are well worth seeing again, and by Mark Ainsworth, a precociously talented painter and indeed the first of his generation to establish a serious reputation. He is still at the Royal College, and 15 or 20 years ago might well have been catapulted from that cosy situation straight into the big-time. He is perhaps fortunate to have missed out. As it is he can continue to develop and change and modify his work uninhibited by any pressure other than his own natural ambition. These ample, loosely-stated and airy paintings are confidently rooted in abstract expressionism, in the work of de Kooning in particular, with their atmospheric, landscape-like associations. They are the largest paintings of his that I have seen, perhaps even a shade over-so, for the surface does not always quite sustain the scale, but they are authoritative and remarkable nonetheless, and bespeak an artist to watch very closely indeed.

Upstairs are the photographers, both of them good, with Harry Diamond the more orthodox, his portraits, whether posed or stolen, alike in their naturalness, simplicity, and a kind of easy grandeur. Robin Klassnik is the more conceptual, showing a suite of prints under the collective title "Nearly a Sculpture," a neat and affectionate tilt at his more serious and humourless brethren who might not think to ask themselves the question: at what point, if any, does the artist's nomination translate the object? When do the bale of hay, the railway girder, the timber prop that keeps up the house, become works of art?



Christchurch, Spitalfields, by Anthony Eyton

And there is the large and elegantly open and casual sculpture by Robert Russell, Orbit II, that commands the entrance to the show, hardly a revolutionary piece but very confidently stated and carried through. Russell has lately been artist in residence to the Woolmore Primary School in Poplar, where the children were encouraged to watch and question him while he worked, and where he made this piece. It sounds an idea that would bear infinite repetition, putting the artist on the spot before an unprejudiced but curious audience, and making the work itself natural, unprecious and accessible.

The Whitechapel Summer Show continues until Sept. 9.

Edinburgh Festival

Diaghilev Celebration Concert

by MAX LOPPERT

This is the first year of John Drummond's tenure as artistic director of the Edinburgh Festival. Mr. Drummond has chosen for his first festival a theme that grandly connects the worlds of music, dance, and the lyric theatre—a celebration in those arts of what the painter Roerich called "The glorious epic of Diaghilev." At Sunday's opening concert, given 50 years after the impresario's death, the most important Russian conductor of the day, Gennady Rozhdestvensky, led his own orchestra, the BBC Symphony, in a programme of ballet scores by the two most notable of the legion of composers who worked for Diaghilev—Prokofiev and Stravinsky.

The Stravinsky choice was obvious — *The Rite of Spring*, obvious, necessary, and in Rozhdestvensky's account, elementally thrilling in the way the work too seldom seems to be now that it figures in the repertory of every reputable orchestra. It was a performance whose excitement resided not so much in the high-gloss delivery of the notes—these days, the BBC players are not all equally accomplished, and some particularly shaky sounds were heard from the English horn and the trumpets—as in its grasp and evocation of atmosphere. Rozhdestvensky, who strips from his conducting the egregious choreography that others import into it, built the score. The crucial role given to the timpani was instructive: the performance was both structured and impelled thereupon towards its tremendous climaxes.

It was an admirable second half of a Diaghilev celebration in music, for it retold, more vividly than any words can, a key episode in the history of the artistic revolution of which Diaghilev was chief strategist. The first half, though bravely chosen, was far less gripping. Prokofiev's *The Fool (Chout)*, Op. 21, was heard in full. An adaptation of a coarsely comic Russian peasant tale, it sounded on this occasion one of the least energetic, most fitfully inspired of all Prokofiev's orchestral scores.

Diaghilev enjoined the composer to "write music that will be truly Russian." But the borrowing of folk-music manners appears to have had a laming effect on that very graphic quality—both narrative content and poetic imagery invoked in the orchestra—that is such a happy feature of Prokofiev's best ballet music.

The notes tend to spin on, pleasantly but dully: only in the finale, a *moto perpetuo* that gathers weight and explosive force, is there full measure of glitter, animal exuberance, strongly characterised musical fantasy. The actor Andrew Cruickshank had been invited to supply a spoken narrative joining the six scenes. While Mr. Cruickshank's pawky manner won laughter, and deserved it, he was hardly a necessary adjunct to the performance—a glance at the conductor's face and hands was often a more concentrated summary of the comic situation. The concert was broadcast live from the Usher Hall on Radio 3 and BBC2.

Elizabeth Hall

French Summer Music

Pinchas Zukerman conducted the English Chamber Orchestra and Choir in two works by Fauré in Saturday night's South Bank Summer Music concert. He did them—the Pavane and the Requiem—with respect and affection, but not much more. Felix Aprahamian's programme notes included cunningly built-in warnings for performers as well as listeners. Nevertheless, the Pavane was too slow, only a little too slow, but enough to contradict the sense of the words. The mood is lightly mocking, not solemn—it is true that the ECO Choir's articulation was so dim that they might have been intoning a psalm. Only Richard Adeney's flute caught the style. A pity: chances of hearing the Pavane with voices do not come often.

The same tendency to slowness (as if the Elizabeth Hall were a large cathedral full of echoes) dogged the Requiem. Speed here is as much a matter of quickness of thought as of hand. Because Fauré did not wallow in terror of death the music does not have to be sweet and drowsy. He was both stoic and epicurean, but mostly stoic, a classic in the wider sense in late romantic clothing. Nadia Boulanger's description of the Requiem's "sober and somewhat severe expression of grief" was quoted in the programme but not observed in a reading that was soft and downy. The soloists were Elizabeth Harwood, creamy but indecisive about vowels, and Thomas Allen, for once rather dull.

Instead of Fauré's *Masques et Bergamasques* originally promised, the ECO Choir under their director Terry Edwards sang three unaccompanied part-songs by Saint Saëns. They must be among the least rewarding items in his vast output. Since his music is not over-represented on South Bank this (again) was a pity. It was a still greater pity not to hear the ECO play the Fauré suite or to know just how and why it proved elusive.

RONALD CRICHTON

Broadway

Tourists extend the season

by FRANK LIPSIUS

Normally the Broadway season, as far as openings go, ends with the Tony announcements in early June. But confirming rumours throughout the year that shows were waiting for theatres to become available, this summer has seen a spate of openings. None of them would be considered prime Tony candidates, anyway, and their appearance underlines the fact that the theatre in New York has followed the city's rising tourist status as a prime summer attraction.

A revival of Arthur Miller's *The Price* was forced to move to another theatre to extend its limited run, and thus has been a beneficiary of the healthy summer season. The play is vintage Miller with a vintage air. Having thoroughly enjoyed it when it was originally performed without intermission in an hour and a-half, I find it insufferably long and wrong headed in this attenuated version, running almost double the playing time. It has lost its pacing, director John Stix seeming to want every nostalgic look and memory to have time to be absorbed and mulled over by his cast. Since it is a play about the disposal of a family's furniture, such an attitude can make the play long indeed.

Joseph Buloff, as the nonagenarian antique dealer who has come to buy the stuff is equally intent on a slow, deliberative evocation of his character. When forced to move to a chair, he slips and slides with weakness. The audience nods and smiles sympathetically, but the play is undermined if the creaky old dealer really is too feeble to handle this amount of work. He emphasises his frailty only to get the sale over with and get on with his cataloguing. In the end he succeeds, but the audience is left with the impression that he will surely kill himself with work, an unfortunate distortion of the old man's playfulness and ability to contend with the two fighting brothers, played with appropriate venom by Mitchell Ryan as the unsuccessful one and Fritz Weaver as his ambitious sibling.

Lone Star and *Pvt. Wars*, two one-act plays by James McLure also moved from off-off Broadway to off-Broadway for a longer run. As might be expected from a working actor turned writer, each play features exuberant characters, full of eccentricity and enthusiasm. Powers Boothe as Roy, a large, drunken Texan in *Lone Star*, swills beer, hums an old country-music classic, *From a Jack to a King*, and does not hesitate to pick a fight, even with his brother, when he senses he is being insulted. The story revolves round the brother's taking the blame for the destruction of Roy's favourite possession, his 1959 pink Thunderbird convertible, which was actually run into a tree by an envious simpering rich kid, the kind of role Clifford Fetters reproduces with equal effect in both plays.

Pvt. Wars takes place in an army veterans' hospital, where there is also a bully, a weak accomplice and the outcast rich kid. Both plays contain scenes where the bully forces the others to perform in some pantomime of an outrageous encounter (imitating a priest in order to seduce a woman), all good humoured but ultimately inconsequential.

Theatre rarely gets more personal than in parts of Phyllis Newman's one-hander, *The Mad Woman of Central Park West*. The wife of Adolph Green, who is half the famed song- and play-writing team of Comden and Green, Miss Newman supposes she can appear merely eccentric when she expresses jealousy, disgruntlement and envy. She depicts the life of a woman living alone in a cluttered flat, disturbed from time to time by a phantom daughter whose wilfulness and demands show just how wilful and irresponsible the woman herself can be.

Phyllis Newman in 'The Mad Woman of Central Park West'

She moves into high gear in the *second act* when suddenly she switches from neurotic homebody to aspiring actress. She tells about winning a Tony for a role in one of her husband's plays, a role he did not particularly want her to take. A moment of triumph, as recreated here, shows considerable spite and resentment, reinforced in a later scene about an affair with a much younger man. Conceived by Miss Newman and director Arthur Laurents, the play includes a lot of songs, most notable of which were *Better* and a medley that portrays various attitudes toward women, like *Try a Little Tenderness*, *The Girl that I Marry*, and *Nothing But a Dame*.

Evidently a different style of music is featured in *Got Tu Go Disco*, an expensive, lavish production that expects the music to compensate for a lack of story, acting or other traditional accoutrements of the theatre. Instead, it offers the Cinderella tale as an excuse for long production numbers and various hip settings, like a disco clothier, a fashionable reducing salon and the bar of a discotheque. The bartender is not an actor, but the actual bartender at Studio 54. More ludicrous still, a featured performer is the bouncer at Studio 54, the man who obstructs admission to that disco emporium—no doubt one of the less popular figures in New York social life. For some reason known only to themselves, director Larry Forde and producer Jerry Brandt have all the actors hold microphones, which interfere with the modicum of acting required and cause traffic problems when the dance numbers start.

Albert Hall

ECYO Gala Prom

by ANDREW CLEMENTS

The European Community Youth Orchestra is our own National Youth Orchestra writ large — selected by audition from the member countries of the EEC, sponsored by the governments of the Nine and this year also by IBM. This is its second year of activity; once again its European tour ended at the Albert Hall, with Sunday's "Gala Prom" conducted by Claudio Abbado and Edward Heath. As viewers of last Wednesday's BBC2 relay of the orchestra's Berlin concert can testify, the ECYO is a finely turned-out band indeed, with few obvious weaknesses and a body of tonal resource which would do credit to many of its seniors. The strings, firmly founded on a complement of a dozen basses and boosting the middle registers by placing the violas to the conductor's right, are its chief glory, of a warmth and fullness remarkable in an orchestra of young musicians. It is above all an orchestra of precise ensemble work, though the principal flute and clarinet at least deserve mention for the intelligence of their solo work.

Such accomplishment, coupled with the freshness and excitement generated by young performers when confronted with a full house in such an enormous auditorium, would have ensured at least a memorable occasion. But Murray Perahia's playing of Beethoven's piano concerto No. 4 was a glorious, unexpected bonus; Perahia in his surest touch, his playing always perfectly weighted, dissolving into the sweetest filigree passage work. It was a performance of outstanding purity and elegance, but at the same time a serious view of the concerto which relaxed only for the cadenzas, turning them into sudden public flourishes in what was essentially a small-scale, intimate affair, perfectly matched in its dimensions by Abbado and the strings of the ECYO in particular.

The evening had begun with Mr. Heath conducting a sprightly, cleanly articulated *Prometheus* Overture and encouraging the European ideal with a flowing account of the "European Anthem" — the "Ode to Joy" theme from Beethoven's Ninth Symphony for those not up in EEC protocol. Bruckner's symphony No. 7, however, displayed the orchestra at its finest. Abbado is perhaps an unfamiliar Brucknerian to London audiences: he leans towards the multi-tempo school of Bruckner-conducting rather than the monolithic approach, attempting to weld together the great architectural spans out of a number of distinct strands of tempo. The seventh of all the mature symphonies lends itself best to that approach: Abbado lost his way a little only in the Trio of the third movement. Elsewhere it was a noble, elevating performance, superbly rendered by the ECYO, with its brass finding their form most securely in the last two movements.

Festival Hall

Mozart

by DAVID MURRAY

Sunday night's Summer Music was all Mozart again, excellently played and sung. Much credit must go to David Zinman, substituting for Walter Weller as conductor, with the English Chamber Orchestra. He secured taut, direct performances of the A major Piano Concerto, K.488, and the Requiem, both of them works that often languish under sentimental treatment. Zinman was not untender with them, but he kept their larger shapes clear and prominent, to bracing effect in the Concerto and with proper sternness in the Requiem.

Tamas Vasary was a marvellous soloist in the Concerto. His passage-work was brilliant, but more remarkable still was his success at projecting a personal, affectionate view of the work on a scale adequate to the hall. His individual touches were never inflated, always in the spirit of this summery piece, discreetly claiming the soloist's right to some playful invention. Hints of something frail and poignant were perfectly set off by the crispness and poise of Zinman's accompaniment.

The Requiem had the advantage of a strong solo quartet—Sheila Armstrong, Alfreda Hodgson, Philip Langridge, and Marius Rintzler—though their individual contributions were more impressive than their ensemble (Rintzler's lyrical bass generally covered Langridge's light tenor). The ECO's choir were strong and articulate throughout, and satisfyingly confident in their florid passages. For once, the trombones were kept in the same focus as the rest of the orchestra, contributing to the gravity of the Requiem, without obtruding as foreign visitors. Zinman maintained a certain air of severity in the music: not the most moving account one has heard, but uncommonly firm and cogent.

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Tuesday August 21 1979

Growing chaos in Iran

THE GROWING chaos in Iran is exemplified by the skirmishes between the Government forces and the Kurds in the western border regions. Over the weekend the Ayatollah Khomeini announced that a provincial capital was under attack by Kurdish rebel forces and ordered a general mobilisation of the armed forces. The news would have been significant if true. The provincial governor general, however, rapidly denied that anything of the sort was happening. "Why," he demanded plaintively, "hasn't the Government asked me what is going on?" His complaint is echoed by many other Iranians. Indeed the bloodthirsty threats uttered by Khomeini and Government ministers are likely to do much to provoke the very revolt among the Kurdish minority which the Government claims has already broken out.

Incoherent

Such mishandling of Kurdish dissidence is hardly a good omen for the future of the government of Dr. Bazargan in Tehran and its more potent clerical counterpart in the holy city of Qom. Neither has shown much capacity to deal with Iran's more pressing problems since the fall of the Shah. There are few coherent policies though a multitude of slogans. The authorities see their difficulties as being the consequence of a series of conspiracies at home and abroad.

Criticism has provoked a clampdown on the opposition Press in Tehran. Meetings are broken up and part of the old opposition driven back underground. Gangs of Revolutionary Guards and shadowy committees enforce the Ayatollah's authority in the major cities. The ferocity with which the government is now reacting to any sign of opposition is ensuring the rapid break-up of the hastily constructed common front which united against the Shah last year.

It is certainly creating discontent with the rule of the Ayatollahs, but it is still too early to say that this poses a real threat to the continuation of their rule. The recent elections are hardly a good guide to the differing political trends within the country since so many parties refused to take part. Certainly much of the middle class, which opposed the Shah but never enthusiastically supported Khomeini, now feel disillusioned. Many are leaving the country. The various leftist parties and groups are also under heavy attack but have sought to put off a confrontation until their own strength increases.

Real threat

The real threat to the current leadership is more likely to come, however, as a result of growing economic discontent. Unemployment is extremely high, though many not actually working are still being paid. Others depend on state handouts or are sustained by their own tightly knit families. But with the savings of many workers now exhausted after six months or more of unemployment, discontent is growing. The main impact is felt by the very people who overthrew the Shah by street demonstrations and rioting. If their disillusionment with the current leaders begins to show itself on the streets the government will be in real danger.

Quickened

The pace at which the Mullahs are losing support seems to have quickened over the last month. Khomeini's tendency to over react, as in Kurdistan, increasingly alienates the more moderate opposition as well as Iran's numerous minority communities. Those denounced cannot be sure that the violence of his denunciations is purely verbal. Certainly he has done much to turn the Kurdish movement for limited autonomy into what could become a full scale uprising.

Living with a strong currency

A STRONG currency is like a zealous conscience—it produces pain as well as virtue. Switzerland and Germany have enjoyed the benefits of soaring currencies since 1971 and the opulent living standards of their workers are held up as models for the British to aspire to. But, as the Confederation of British Industry points out in a paper published yesterday, Swiss and German workers have largely been spared the pain of unemployment which a strong currency often brings with it. On a day when mildly encouraging trade figures gave another boost to sterling, the CBI's message, that the Swiss and Germans have not managed to avoid unemployment, but have merely unloaded it on the "guest workers" from Southern Europe and Turkey, seems particularly depressing.

Sent home

Output in both Germany and Switzerland grew much more slowly than the OECD average between 1973 and 1978. But massive revaluations in their currencies have done wonders for their standards of living, while the large declines in employment which have occurred in both countries have simply meant that guest workers have been sent back to their home countries as soon as their services ceased to be required. Unemployment among Swiss and German nationals has remained low by international standards.

However, while the departure of the guest workers may have protected the jobs and living standards of German and Swiss workers in the short term, it has also reduced the productive capacities of the German and Swiss economies. Although unemployment has remained relatively stable, profits and industrial investment have been badly hit, particularly in Switzerland. The decline in the rate of profit will, if it is not reversed, eventually rebound on the living standards of German and Swiss workers. The German Government is certainly well aware of this.

Easier way

Fortunately for Germany, the "virtuous circle" of currency appreciation and low inflation is much easier to arrest than the vicious circle, spinning in the opposite direction, on which the British economy has been stuck, at least until the foreign exchange markets discovered North Sea oil. The Deutschemark is being held steady with the help of the European Monetary System, monetary control in Germany has been loosened, inflation is inching upwards and economic growth has once again risen above the OECD average.

Collision

In Britain, by contrast, tight monetary policy is pushing the economy into a painful collision with accelerating inflation, sterling is still straining at the leash and industrialists are bracing themselves for a further reduction in the feeble rate of economic growth, with little relief in sight. The inevitable result of this, according to most economic forecasts will be a sharp rise in unemployment. In a country without guest workers, the CBI paper seems to suggest, a strong exchange rate will really hurt.

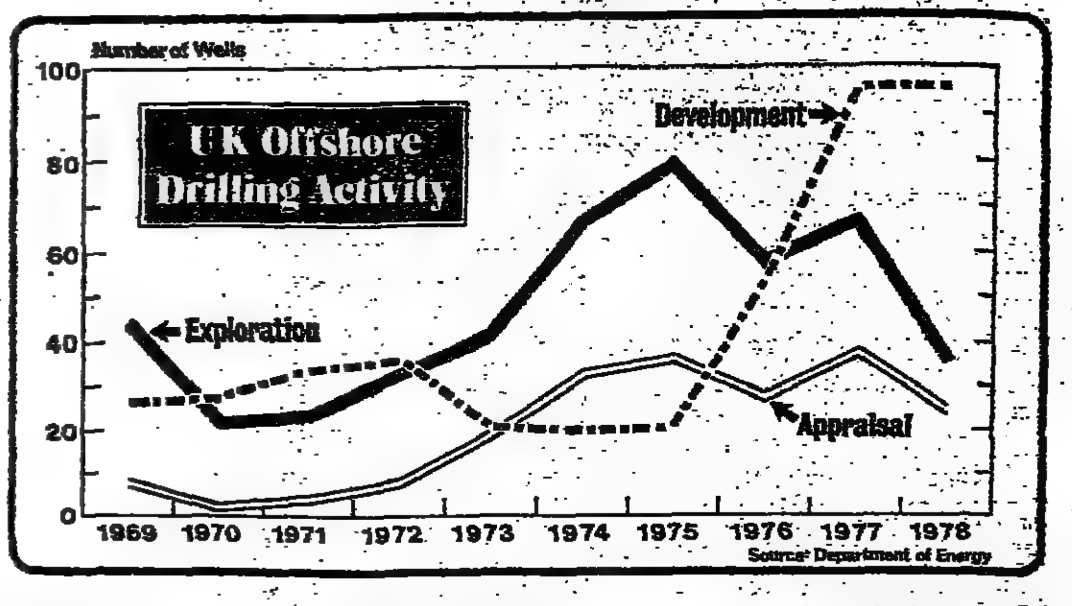
There are indeed dangers in the deflationary fiscal stance which the Government seems to be planning for next year and there are overwhelming arguments for a removal of the remaining exchange controls, which ensure that the market rate for sterling is always too high for British industry's health. But Britain's economic performance during the decade of continuously falling sterling up to 1976 is the best counterargument against advocates of active intervention in the foreign exchanges to keep sterling artificially low. Between 1973 and 1978, while the Deutschemark appreciated against the dollar by about 50 per cent, Germany's output increased by 10 per cent. During the same period the pound fell by 25 per cent, while British output increased by less than 4 per cent.

Productivity

One of the most important factors accounting for this disparity is productivity. In Germany this grew by 3.2 per cent per annum between 1973-77, compared with a rate of 0.5 per cent in Britain. A lesson of history that neither government nor industry should forget, as Britain learns to live with a strong currency, is that a falling exchange rate is as likely to undermine productivity as to stimulate economic growth. If the strength of sterling acts as a stimulus for individual companies to increase productivity, British industry could yet benefit from the exchange rate consequences of North Sea oil.

BNOC: oil majors reject criticism over drilling

By RAY DAFTER, Energy Editor



OIL INDUSTRY executives have been wearing hurt expressions during the past fortnight. Some have found it hard to conceal their anger and frustration. The reason? British National Oil Corporation had ordered the industry to the penitence stool for allegedly failing to drill enough North Sea exploration wells.

The industry, mindful of all its successes, is convinced that it has been wronged. Consequently, it has dismissed as sour grapes the Corporation's contention that companies have been sitting on unexplored acreage. After all, it is pointed out, the accuser—Lord Kearton, chairman and chief executive of BNOC—is about to retire from a state undertaking which is having its activities cut back by the Conservative Government.

BNOC's evidence, in the form of a statistical analysis of past drilling activity (as reported in these pages two weeks ago) has been quietly damned as being misleading. In essence the industry contends that BNOC's report is irrelevant, as it concentrates only on the number of wells drilled and not on the geological conditions influencing exploration programmes. The analysis shows that 38 per cent of the blocks and part blocks issued in the first four rounds of licences and still held by offshore groups have not yet been explored with even a single well. No attempt is made to show why this is so.

In the normal course of events such an attack might have been brushed aside by the industry and left at that. But Lord Kearton's outburst, and the public airing of what was intended to be a confidential, internal document, has provoked a reaction which is indicative of the delicate state of relationships between BNOC, the oil companies and the Department of Energy. What has taken place during the past two weeks merits a second look at the controversy over the North Sea drilling activity.

For a start, very few companies have been willing to enter a public debate on the issue. Oil companies have preferred discreet interviews to open confrontation. For the past two weeks companies have been talking with Energy Department officials, reviewing past drilling performances and setting out their aspirations for future licence rounds. Apart from indicating which blocks they would like to see put on offer in the forthcoming seventh round of licences, they have been stressing the importance of not making drilling conditions any tougher.

Oil companies have been reticent to make their view public for two basic reasons:

● They don't want to upset the Energy Department which, in future, will not only have the responsibility of issuing exploration licences but will also assume BNOC's role as monitor of exploration and production activity. They are well aware that the BNOC's criticisms were aimed as much at Government licensing conditions as at their own performance. All the signs indicate that operating conditions in the UK sector of the North Sea will be kinder to oil companies than they were under a Labour Government. Thus, the industry is anxious not to rock the boat.

● They don't want to widen the rift with BNOC, particularly at this time when they are far from certain about the Corporation's future role. They know that BNOC will continue to play an important part in the North Sea, not only as the trader of most of the crude oil but also as an active participant in exploration and production, alongside and in partnership with the private sector. Furthermore, companies are aware that the Department of Energy is attempting to smooth BNOC's feathers which became ruffled with the announcement of cut-backs and lost privileges.

The future size and shape of BNOC is still unclear although a good deal more should be known within the next six weeks or so when the Government is due to offer for sale some of the Corporation's assets. The Government has asked the Corporation's Board to set out its own recommendations for raising up to £400m through the disposal of interests in offshore fields. The final form of this recommendation should be agreed at the next Board meeting on August 31, but it is already clear that BNOC aims to fight for its right to retain its more attractive oil interests, among them its stake in Thistle, Ninian and Beatrice.

Indeed, left to the Corporation, it is possible that the only asset put up for sale would be BNOC's 50 per cent stake in the partly depleted Viking gas field in the southern sector of the North Sea.

Once the asset disposal is out of the way the Government can settle down to working out ways of injecting private capital into the Corporation. The issue of bonds or the sale of shares are two alternatives being considered. Here the Government's intention should be made known next spring.

One might have expected that the industry's trade association—the UK Offshore Operators Association—might have prepared its own report on drilling refuting the evidence of BNOC's report. But here again, politics raised its head. The Association represents a cross-section of operating companies . . . and it includes BNOC itself. Furthermore, it might have found it difficult to please all of its members when trying to answer the claim that U.S. operators drill more wells per block than other groups, including UK companies.

So what about Lord Kearton's claims? They are still being challenged, albeit subtly, by both the industry and the Government.

One point is stressed over and over again by industry executives in their briefings with journalists and Government officials. It is that BNOC's statistics appear to ignore completely the widely differing geological conditions (and thus the chances of finding oil) that occur on the UK continental shelf. For instance, most of Britain's big oil fields have been found in the northern North Sea area, in the East Shetland Basin, the Outer Moray Firth Basin, and the like. Here drilling activity has been extremely high because the prospects of success have been enticing.

On the other hand, the central North Sea area, between the gas fields in the south and the oil fields to the north, is felt to have very little oil producing prospects. The same goes for much of the Celtic and Irish Sea areas. Consequently, fewer wells have been drilled.

Variations in geological conditions strongly influence the amount of drilling required of companies when they are awarded offshore licences by the Energy Department. A company with a licence in the East Shetland Basin may well be expected to drill at least one and perhaps more exploration wells per block. These will be obligatory wells; failure to drill them could result in the confiscation of the licence. And yet a company willing to drill in an unknown or highly dubious offshore area may have to drill only one well on a group of blocks. (This system is likely to remain in force, in spite of BNOC's recent recommendation to the Government that drilling conditions should be made tougher.)

Another point made by companies is that there could be a very good reason why no well has been drilled on blocks and part blocks still retained by companies. Not only could such blocks form part of a larger licence, where the drilling commitment has been fulfilled, but in the case of part blocks they could be the remaining portion of a concession already partly explored but relinquished to the Government as having very little productive prospect. It is conceded by the industry, however, that there are some blocks which would merit greater exploration effort if more was known about Government plans to encourage the exploitation of small fields. Some companies argue that it is pointless drilling wells at this stage on small geological features which in the current tax and pricing conditions could not support a commercial field development.

These, then, are some of the qualitative objections of the industry to a BNOC survey which dealt purely in quantity and statistics: the companies claim it was misleading merely to divide the number of licensed blocks by the number of wells drilled.

Mr. Tony Fox, managing director of Tricentrol Oil Corporation, adds that the Corporation's survey also confuses drilling with exploration. "Exploration today depends on geophysical methods to determine the presence or absence of a possible oil-bearing trap before drilling is undertaken. Without a demonstrable trap it is not worth drilling a well.

"All Lord Kearton is saying is that under present knowledge 38 per cent of acreage is not considered to provide sensible drilling prospects. However new geological ideas, or new techniques may show them to be present in the future: hence, you retain acreage until all the chances are exhausted."

Not surprisingly for the head of a UK group, Mr. Fox also took exception to BNOC's contention that U.S. companies had the best drilling record on licences issued in the first four rounds. "Apart perhaps from British Petroleum and Burmah, UK-based operators were allocated very poor acreage in comparison with U.S. operators. It is surprising that they drilled as many wells as they did."

The industry also took some delight in the fact that companies said to have worse-than-average drilling records—among them Shell, BP, Amoco, Texaco and Phillips—have been responsible for finding and developing a large proportion of Britain's commercial oil reservoirs.

Shell, as operator of the Shell/Esso partnership, took a sideways tilt at BNOC yesterday when it announced details of its own exploration record. Mr. John Jennings, managing director designate of Shell Expro, told journalists that Shell and Esso were spending over £9bn on the development of North Sea fields. The two companies had so far drilled 123 exploration and appraisal wells, representing between 10 and 12.5 per cent of total UK drilling activity (in investment terms). The partnership, he added, had been allocated 124 blocks and part blocks on which it had had an obligation to drill 39 exploration wells. In the event, the group had sunk 86 wildcat wells, as the accompanying table shows.

Clearly the Energy Department is not unduly concerned about the industry's record. Indeed, it has been said that Department officials have not been able to reconcile BNOC's figures with their own information. It is indicative of the delicate state of relations between the Department and BNOC that Government officials refrained from demanding a copy of the study, drawn up as an internal memorandum within the Corporation.

The Department pointed out that nearly 1,400 wells, including development wells, had been drilled on the blocks allocated in the first four rounds. While 13 blocks on multi-block licences had not been drilled, there were many cases where companies had drilled wells far in excess of their licence obligations.

Mr. Hamish Gray, Minister of State for Energy, reckons that companies exceeded their minimum drilling obligations in the first four rounds by some 150 wells. "Over the past 15 years the companies have discovered enough oil to make us now energy self sufficient," he pointed out.

At the same time, he said, companies would not find the new Government "a pushover." "Although we hope to create a climate which will encourage offshore investment, we are determined that the national interest will be our first priority."

Not that the present Government is likely to make drilling conditions tougher for the oil industry. "We have been concerned about the fall-away in drilling activity," said Mr. Gray.

"We firmly believe that one of the principal reasons for this was the genuine inhibition felt by the companies arising from the intentions of the former Government. We have indications of budgets held back in connection with various projects."

Exploration activity is expected to pick up substantially over the next year or so as companies begin to fulfil their commitments made under the new sixth round of licences and the forthcoming seventh round. Here the Government is already preparing the way by asking what blocks the industry would like to see included in the seventh round. "We are confident that these licences will attract very considerable interest," said Mr. Gray.

He also made it plain that he hopes that BNOC will play its full part in the exploration, even in its still-undecided new guise. "I see a challenging future for the new BNOC and I am hopeful that it will be involved in partnership with oil companies at their request. This will be a much more desirable situation than previously existed whereby in any farm-in (licence membership change) companies were compelled to give BNOC first refusal."

And there it stands. British National Oil Corporation kicked up a rumpus to draw attention to what it saw as lapses in offshore exploration activity, only to find itself engaged in a bout of shadow boxing. The Government prefers not openly to rebuke BNOC; instead it goes out of its way to smooth ruffled feathers, to praise the oil industry and to assure the corporation that it will remain part of that industry. The private sector has, for its part, generally preferred to stay away from public confrontation.

All this is perhaps indicative of the fact—as BNOC claimed—that the North Sea is not yet a fully mature oil province. There is still a great deal more oil and gas to be found. Companies are anxious not to say or do anything that will reduce their chances of playing a major part in future exploration and production.

UK DRILLING ACTIVITY OF THE SHELL/ESSO PARTNERSHIP

	Whole blocks		Part blocks
Number of blocks awarded	119		5
Number of blocks relinquished, undrilled	54		23
Number of blocks retained, undrilled	12		16†
Distribution of retained undrilled blocks:			
North	2		—
Central	8		11
South	2		5
Number of blocks drilled		49	
Number of exploration and appraisal wells drilled:			
Exploration	86		
Appraisal	37		
TOTAL	123*		

Distribution of wells by area:	No. drilled		Obligation wells
North	45	85	24 (+3)‡
Central	40		
South	38		12

† 11 exploration wells were drilled in the relinquished areas of these part blocks.
* Includes nine farm-in (partnership change) wells and excludes four BNOC wells in block 30/17b.
‡ Number in parenthesis are conditional wells, drilled if the operator and Government feel there is the promise of a discovery.

MEN AND MATTERS

Blank outlook for TV coming of age

Viewers yearning for Coronation Street, Anna Ford, and all the other delights of ITV may have a long wait ahead, as the strike is stepped up today. The position is especially poignant for Southern TV, whose services usually cover the Channel coast from Lyme Regis to Margate. This month marks the company's 21st anniversary, and all 500 employees had been sent gold-edged invitations to a celebration luncheon at a banqueting centre near the Southampton headquarters.

The event has been "postponed indefinitely," I was told by a Southern TV spokesman yesterday. Since it was due to have been held on August 29, the company clearly does not foresee a quick return to normality.

The dispute is more severe at Southern than anywhere else: the main offices already boast three separate picket lines, the journalists and electricians claiming that the management has locked them out.

A public anniversary celebration by Southern has been obliterated because of the technicians strike. There were plans to record two new operas in the Glyndebourne repertoire, for showing on the national networks. There was no time to halt a special Sunday performance of Haydn's "La Fedelta Premiata," 10 days ago, so it was watched by a handful of guests, but not recorded. A performance of "Fidelio" last Sunday was cancelled when it was plain that the strike was set for a long run.

I learn that the abortive Glyndebourne performances have been "very expensive" for Southern in payments to singers and musicians. But that loss is insignificant, of course, when set against the £1m which ITV is losing daily in advertising revenues.


"... and this one is for coming back voluntarily."

Babylon's deadline

A group of Rastafarians who marched on the British High Commission in Kingston, Jamaica, last week are, I fear, unlikely to obtain the changes in the constitution which they think will facilitate their "repatriation" to their unlikely Mecca, Ethiopia. High Commissioner John Drinkall, who found himself involved in an unexpected 90-minute discussion with two of the cult leaders, tactfully pointed out that Jamaica had been granted independence 17 years ago.

The tête-à-tête took place after a group of chanting Rastafarians were told by police to "move and keep moving" along the road where they had congregated, intoning "Run, Babylon, run" and "Lightning, fire and brimstone for all pork eaters," both references to the many people the Rastas regard as oppressors. The group suddenly turned into the High Commission, and two of them—one after being relieved of a hatchet—were invited in.

Unfortunately, Drinkall failed to pacify them with the news of Jamaica's independence. At the end of the meeting the Union Jack was torn down, and the cultists announced to the world a September 5 deadline for a reply from "Queen Elizabeth or Thatcher." A shaken Drinkall describes the incident as "really disgraceful," but to the Jamaican public it is little more than another instance of the Rastas going a step further than a bit too far.

Discreet puff for smokers

Being pro-smoking is a little like being pro-sin these days, so it is not altogether astonishing that the Tobacco Advisory Council—which, despite its name, is the manufacturers' trade association—should have signed up a public relations company to promote its interests. The smouldering potato was finally picked up by Good Relations, one of Britain's largest consultancies.

The company is, naturally, putting a brave face on adopting such a contentious new client. "There are, er, areas of sensitivity" says (non-smoking) managing director Maureen Smith. "It is a very interesting contract." The object, she insists, is not to go out and encourage people to smoke, which is the function of TAC members. Nor, she says, is the contract—rumoured to be worth £170,000—"particularly" connected with the negotiations already taking place about restrictions on advertising. (These are due to be reconsidered in February, and likely to move closer to a total ban, as in Norway and Finland.)

But both Miss Smith and Sir James Wilson, chairman of the TAC, are reticent about precisely what form the campaign will take beyond "expressing the industry's point of view," and encouraging the line taken by the industry-financed organisation FOREST (Freedom Organisation for the Right to Enjoy Tobacco).

"The main field," says Sir James, who restricts his own nicotine consumption to the occasional cigar, "is going to be in the area of facilities for smokers and the increasing pressure put on smokers to make them feel the odd men out." Sir James echoes Miss Smith in insisting there is no connection between the contract and the triennial struggle with the authorities over advertising and the wording of health warnings on cigarette packets.

It does, all the same, seem a curious coincidence. Could it be that there is another connection, namely the success of Gwyneth Dunwoody, MP, in the Private Members' ballot? She drew number 9, which with such a long session in sight may well be a winning number.

Her Bill would give the Health Secretary enabling powers to stop all cigarette advertising and promotion, hardly what TAC's doctor ordered. If nothing worse, discussion of such a proposal would be sure to dwell uncomfortably on the 50,000 premature deaths every year blamed on smoking, not to mention Britain's unenviable record of containing more lung cancer sufferers than anywhere else in the world. A little discreet lobbying of MPs might help ensure the debate was balanced by more than the sound of coughing.

Thorny area

Harry Wheatcroft may be good at growing roses, but his arithmatic is a bit rustic. I see that a stop press slip in the latest Wheatcroft catalogue says: "Since our rose catalogue went to press the Chancellor has raised to 15 per cent the rate at which VAT has to be charged. We therefore regret the prices quoted (which include VAT at the old rate of eight per cent) must now be increased by seven per cent. . . ."

Sorry, Harry, that makes 15.56 per cent.

Observer

هكذا من الأصل

Bitter cigarette price war eases off

By DAVID CHURCHILL, Consumer Affairs Correspondent

THE BITTERNESS of the battle between tobacco companies for a share of the fast-growing king size cigarette market was made clear earlier this year when senior executives from Imperial Tobacco faced criminal proceedings over their "Spot Cash" instant lottery marketing campaign.

The campaign, which enabled smokers of Imperial's brands to win up to £5,000 in prizes in a simple lottery included with each packet, had been challenged as contravening the lottery laws by Imperial's arch-rival in the world market, British American Tobacco (BAT). The Director of Public Prosecutions initiated criminal proceedings against Imperial's marketing executives—proceedings which were dropped only when the civil Appeal Court under Lord Denning declared the lottery lawful in every respect and criticised the DPP for acting "out of hand." The Attorney-General has just decided to take the case to the House of Lords, but a hearing is not likely before next January at the earliest.

In the meantime, Imperial re-launched in July its "Spot Cash" lottery promotion amid a blaze of publicity and hopes that it will reduce price competition and return the tobacco industry to its traditional reliance on brand image and advertising. If this does happen, then it could be bad news for the smoker but good news for the profits of Britain's tobacco companies.

The past three years has seen unprecedented price-cutting by all the major cigarette manufacturers. Cigarettes appeared at one time to be on the way to becoming just another commodity, with smokers abandoning the brand loyalty built up expensively over two decades and switching to the cheapest. Only Gallahers, with its surrealistic advertising campaign for Benson and Hedges gold pack cigarettes, managed to retain a substantial degree of brand loyalty—it remains the leading cigarette brand in the market.

Even Gallahers was forced to take part in the price war that started in the spring of 1976 and which only now shows signs of abating. Unlike the supermarket price war, which was a deliberate attempt by a few food retailers to increase their market shares, the cigarette price war was a result of Britain joining the EEC.

EEC change

Before accession, the British Government's revenue from tobacco was mainly derived from a duty levied on the weight of tobacco leaf used in manufacture in the UK, regardless of the size or number of cigarettes produced from the leaf. This meant that the larger the cigarette the higher the duty and hence the higher the retail selling price. Thus lower-priced smaller cigarettes were most popular.

However, in December, 1972, the EEC adopted a common structure of tobacco taxation based on the system used by the six original member countries. Rather than duty being levied on leaf weight, it was levied on the value of the end product: it consisted of an ad valorem element (currently 30 per cent) based on the retail price, plus a specific element related to the number of cigarettes (18p per 20).

Its impact on Britain's £2.75bn a year tobacco industry was enormous. As manufacturing, packaging and marketing costs of different sizes of cigarettes are very similar, the change in duty raised the prices of small and medium-sized cigarettes far more than it did for larger cigarettes.

A special Price Commission study, published last year, showed the effect of the switch to EEC duty structure, which was phased in between 1976 and 1978. The duty on 20 small filter cigarettes increased by 14.5p to 36.5p during the period while the recommended selling price jumped 18p to 50p. For 20 standard filter cigarettes the duty increase was by 9.5p to 33.5p, with a price rise of 14.5p to 55p. But for king-sized cigarettes, the duty only increased 5.5p to 39.5p, while the selling price rose only 7p to 56p. Smokers switched to the better-value king-sized cigarettes in droves.

At the beginning of 1976, small and standard filter cigarettes dominated cigarette sales with some 78 per cent of the market. Plain, untipped, cigarettes had 13 per cent and king size only 9 per cent. But market figures now show that king size accounts for 61 per cent of the market, with small and standard cigarettes falling to 30 per cent, and plain to 9 per cent. Moreover, few in the industry believe that the phenomenal market growth of king-size cigarettes is at an end. Estimates suggest that they may capture as much as 80 per cent of the market over the next few years.

The king-size sector is the only growth area within the cigarette market: total volume sales are maintaining a steady 1 per cent volume decline each year as health and social factors make smoking less popular.

British tobacco companies—Imperial, with its W. D. and H. O. Wills and John Player subsidiaries, Gallahers, Carreras Rothmans, Philip Morris, and latterly BAT—embarked on a fierce battle for a share of the king-size market.

Imperial Tobacco was hardest hit by the duty switch and has had to fight hardest to recover its market leadership. In 1976, Imperial had 66 per cent of the overall market with some 88 per cent of its sales in the small and standard filter sector through its Player's and Embassy brands. Only 1 per cent of its overall sales were in the king-size sector.

Hugh Routledge

Critics have suggested that Imperial was slow to realise the significance of the EEC duty change. Certainly Gallahers, with 54 per cent of the king size sector (and 26 per cent of the overall market) and Rothmans 54 per cent of the king-size 7 per cent overall, were better placed to take advantage of the change.

But Imperial has staged a remarkable recovery over the past three years. From only 9 per cent of the king size sector in 1976, it now claims overall market leadership with 45 per cent, compared with Gallahers' 30 per cent, Rothmans' 18 per cent, BAT's 5 per cent and Philip Morris's 2 per cent.

Moreover, Imperial says that its overall market share has only dropped by a tenth to 56 per cent and it claims seven out of the top ten brands as its own. Gallahers' total market share is now estimated at between 25 and 27½ per cent, Rothmans between 12½ and 15 per cent, BAT 2½ per cent, and Philip Morris 1½ per cent.

Imperial sparked off the cigarette price war in April 1976 when it launched John Player King Size. The new brand's price was 42½p for 20—the same as for small and standard filter brands. Almost immediately, duty increases of 3p to 4p for 20 caused Imperial to increase its price to 46p. Gallaher and Rothmans responded by absorbing the whole of the duty increase on their king size brands and the price war was on.

[Coupons—which had been used by manufacturers since the late 1960's to maintain brand loyalty in the face of across the board price cuts by some retailers—no longer make economic sense since the new duty is levied on the value of the coupons as well as the cigarettes.]

As the switch from small to king size cigarettes gathered pace in 1976 and 1977, so the competition intensified. All the major manufacturers eventually adopted a price-cutting system known in the trade as matched-dealing. By this, the manufacturers offer retail distributors a discount ranging from 1p to 3p off a packet of cigarettes provided that the distributor is prepared to match the discount out of his own profit margins and sell to customers at 2p to 6p off the recommended prices.

In January, 1978, when the full switch to the EEC duty system came into effect, competition was intensified when Rothmans cut the recommended price of its Dunhill King Size and Imperial brought out its Players No. 6 brand in king size as well as launching Embassy Regal King Size.

But in May, 1978, the gloves really came off with the entry of BAT into the market. BAT had previously not competed in the UK market following a long-standing agreement with Imperial which determined each company's trading spheres in Europe. This agreement had had to end when the UK joined the EEC as it contravened EEC competition laws.

BAT undertook what the trade considered to be the most expensive ever cigarette launch with its State Express 555 brand. BAT's brand was up to 6p cheaper than its competitors and it also offered a 2p token off the customers' next purchase. Such deep price cutting could not be matched by BAT's competitors: a great number of smokers switched to State Express 555 as the cheapest brand. From having no place in the UK cigarette market at all, let alone the king size sector, BAT managed within three months to secure a tenth of the king size sector. But even BAT was unable to maintain such severe price cutting for long: when its price returned to nearer those of its competitors, smokers reverted to their previous brands. BAT is now estimated to have about 5 per cent of the king size sector.

While no company has been able to give up price competition, there is little doubt that most would prefer an easing of the cut-throat conditions of the past few years and a return to the traditional method of competing by advertising and brand image.

Three years of the cigarette price war has had its effect on corporate profitability. In its last full financial year to last October, for example, the Imperial Group's tobacco profits fell by almost 5 per cent to £66.3m — although tobacco profits in the first half of the current year were above last year's levels.

Continuing concern over the health effects of smoking, controls over advertising (and the prospect of tougher controls to come), and the debacle of the failed launch of artificial cigarettes onto the market have also damaged manufacturers' profitability.

Imperial sought to avoid price competition by launching the "Spot cash" instant lottery last autumn. The company claimed a temporary 50 per cent boost in market share before the lottery was withdrawn.

Gallahers' success in maintaining its brand image of quality has shown that smokers are still willing to buy for image as much as for price. Within the trade, it is suggested that as many as eight out of 10 smokers are persuaded to buy particular cigarettes by brand image. But the remaining 20 per cent—a much greater proportion than in the past—will buy whatever is cheapest. It is this section of the market that some companies can attract in the short term through price cuts.

It is believed that virtually all companies have now halted widespread matched-dealing. Yet this apparent willingness to ease price competition has not reduced the manufacturers' determination to capture a bigger slice of the market.

BAT, Imperial, and Rothmans have all launched new brands this year. Of the three, Imperial's Lambert and Butler has appeared most successful by capturing some 5 per cent of the overall market.

While it would seem that Imperial as market leader and Gallahers as brand leader have most to gain from a cessation of price hostilities, Rothmans, BAT, and Philip Morris may feel that the only way of catching them is through a further war of attrition. As long as the king size sector keeps growing, there will be the temptation to secure a larger slice of the market by cutting prices.

Letters to the Editor

Change the tax system

From Mr. J. Read

Sir,—With regard to the statement in Mr. John Lidstone's letter (August 14) that one of GEC's salesmen was paid no less than £100,000, is this really true? When account is taken of the taxation that is levied the actual payments made in respect of such employment last year would have been approximately:—

	£
To the Government ...	76,000
To the employee	24,500

So the handsome reward referred to by Mr. Lidstone would have been far outshone by the levy that the employer had to pay to the Government. A levy which was three times greater than the reward to the employee!

It may be healthy for salesmen to earn more than their manager, as Mr. Lidstone suggests, but can it be healthy for the Government levy on their employment to be higher still? It may be said that the position has been improved, as taxes have now been reduced, so GEC can continue to pay such an employee £24,500 and reduce its payment to the Government to £25,250. However does this not beg a fundamental question?

Should we consider not whether earnings should be taxed more or less, but whether one should tax employment at all? After all are not PAYE and national insurance contributions simply taxes on employment calculated by reference to earnings?

Clearly any changes in our taxation system need to be given very careful consideration but is it necessary to continue tolerating a system which bears so onerously on employment, or has our familiarity with the system made us blind to its failings?

One way in which the present system could be improved would be to require all employers to change all "gross" pay to the net amounts actually paid to employees, future changes in pay to be negotiated in the usual way, and tax employers not by reference to their employee's earnings but by reference to the "value added" by their business. This would not be inflationary like the recent shift to higher VAT and lower direct taxes, as earnings would not be automatically increased and neither would prices, but in addition it would be a positive step to taxing employers according to their ability to pay, not to mention a huge reduction in the number of people caught up by the taxation system.

A change on these lines deserves serious consideration and it is to be hoped that the Government is open to fresh ideas rather than merely changing rates of tax.

John Read.
1, Golders Park Close,
West Heath Avenue, NW11.

Togetherness at work

From the Deputy Chairman, Working Together Campaign

Sir, — Men and Matters (August 14) carried a paragraph headed "Togetherness." It referred to Frank Chapple and a private seminar of the Working Together Campaign and suggested that he would be on delicate ground if he attended.

The Working Together Campaign has excellent relations with the trade union movement and with all three political parties. Frank Chapple and Sir John Boyd have been members of council for six years. Other council members include prominent trade union leaders, now in retirement; A. P. Coldrick, our chairman—at present on holiday—and Lord Cooper are both former members of the TUC general council. In addition to Sir Harold Wilson, half-a-dozen Labour Members of Parliament have attended and spoken at our seminars, with a similar number of leading Conservatives and several Liberals. Last February, our aims and training methods were discussed and endorsed at a meeting in the House of Commons, sponsored by James Lamond, MP (Labour) and David Mudd, MP (Conservative).

Next month's seminar at St. George's House, Windsor, on "The future of work" will certainly discuss the silicon chip. One of the speakers will be Roy Grantham, general secretary of the Association of Professional and Executive Staffs. I do not know whether Mr. Chapple will be able to be there. I hope he will; the ground seems firm enough!

(Sir) Anthony Bowlby,
Working Together Campaign.
128, Marsham Court,
Marsham Street, SW1.

Control of money

From Mr. J. Younger

Sir,—As much as one can find areas of Government policy which are wholly constructive, I find it hard to accept that the strictures being exercised at present are at all necessary. They are eloquent of an unclear idea of what causes inflation. Consequently the economy is saddled with a heavy hand unaware how to use the large capital resources of the country.

Inflation arises from excessive deficit government spending and in particular the printing of some 1bn new pound notes a year. It is this which the Government must attend to. A simple cut back in government spending towards a balanced budget is all that is needed.

The tightening of credit controls in an environment of inflation is unnecessary, unless capacity is fully stretched through excessive demand. This is not the case at present.

Instead by ramming up interest rates, people are being shaken out of productive employment only to become an additional burden on the public purse, on top of those released from public employ by government spending cuts. Why make it more difficult to employ people in the private sector when surely the aim is to shift people from unproductive jobs to jobs which will meet the the pent up demand of an over-taxed citizenry. As taxes and government share of spending are reduced, the additional discretionary spending power of the private sector will make for a more satisfied work force. After all, nobody knows better what to do with his money and where he wants to spend it than the person who has earned it in the first place.

Tight money conditions, must be the major disincentive in the construction area and its consequences on unemployment, it being a labour intensive sector. Why squash this resourceful area? Does construction cause inflation?

To soften the blow for those released from public employ, retraining programmes should be funded to facilitate re-entry to the commercial world, together with relocation allowances, etc.

As for the M1, M2 and M3 obsession, let the financial markets do their job of assessing risks and charging rates accordingly. The banks, lending institutions and so forth do not cause inflation by lending money against assets and taking on risk. Their lending which is aggregated into the M2 and M3 figures is largely irrelevant from the point of view of inflation per se. These numbers represent the volume of business done and when there is so much unemployment, one can hardly infer that interest rates should be so increased.

A sensible control of the real and only type of money—notes and coins in circulation—is what is wanted. No more, no less.

J. M. D. Younger.
25, Milner Street, SW3.

Solar energy in the U.S.

From the Chief Scientist, Ocean Systems, Lockheed Missiles and Space Co. Inc.

Sir,—David Fishlock's article (August 1) is an excellent summary of U.S. efforts in the field of solar energy. However, the implication that the ocean thermal energy converter (OTEC) is handicapped by its low thermal-cycle efficiency is misleading. It is true that the Rankine efficiency is about 3 per cent (rather than 5-7 per cent you mention), but it must be remembered that the "fuel" is delivered on site at no cost by solar radiation, so that the main impact of the cycle efficiency is on the size of the heat exchangers and on the choice of working fluid. Hydroelectric power is even less "efficient" if one starts with evaporating seawater to make rain.

The article also states that "the "Department of Energy is funding an experimental model in the Pacific off Hawaii." There is such an effort, called Mini-OTEC, which has no federal funding, and is a private venture on the part of Lockheed Missiles and Space Co., the State of Hawaii, Dillingham Corporation, and Alfa-Laval. DoE is considering the funding of a second deployment for Mini-OTEC which would occur after the industrial-state team has completed the first six months deployment and test. DoE does have a heat exchanger test programme, OTEC-1, scheduled to be conducted off the coast of Hawaii, but OTEC-1 has no provision for generating usable net power.

The Mini-OTEC system began generating net usable power on August 2—designs for large scale units remain to be accomplished, but OTEC power is a reality.

William F. Whitmore.
Lockheed Missiles and Space Co. Inc.,
1111, Lockheed Way,
Sunnyvale,
California.

Racing ahead

From the Chairman, Gilbey Racing

Sir,—May I please explain briefly some of the workings of the Gilbey racing championship awards which Dominic Wigan criticised (August 16). The awards are based on a point system linked to the European pattern races and they fall into two sections: the European Championship, which takes in all pattern races; the four specialist categories—sprinting, miling, middle-distance racing, and staying—which are linked to races open to more than one age group.

By way of explanation the Benson and Hedges Gold Cup at York is a Group 1 middle-distance race open to three-year-olds and upwards. The winner receives 160 points, the second 80, the third 40, and so on. All horses in the minor placings must finish within six lengths of the winner in a middle-distance race to earn points.

Throughout the season the standings are published for interest only, and it is to the current position in the middle-distance category that Dominic Wigan takes particular exception. The present leaders are: Gay Mecene 240, Dickens Hill and Troy 200, Ile de Bourbon 160, although Gay Mecene has been beaten by Troy and Ile de Bourbon, and Dickens Hill has twice been beaten by Troy. The positions are explained by the fact that Gay Mecene has won one Group 1 race in the category, the Grand Prix de Saint Cloud, and finished second in the King George VI and Queen Elizabeth Diamond Stakes (Group 1) and the Grand Prix D'Evry (Group 2). Dickens Hill has won the Coral Eclipse Stakes (Group 1) and the Sean Graham Ballymoss Stakes (Group 2). So far Troy (King George) and Ile de Bourbon (Coronation Cup) have each run in and won one qualifying race. Their opportunities are ahead.

The purpose of the whole competition is to produce a series of champions at the end of each year. To complain about the standings with the season only two-thirds of the way through is a waste of indignation.

Anthony Gilbey,
Gilbey Racing,
Cletex House,
83, Charlotte Street, W1.

Siting an airport

From Mr. G. de Clermont

Sir,—The plea of the director of the Nottinghamshire Chamber of Commerce (July 31) that there should be developed a new gateway airport on an existing airport site (East Midlands), rather than a third London airport, is the most constructive contribution so far to the debate taking place in your columns.

If a vast sum of money must be spent on increasing the nation's airport capacity, let it be on a location that serves industry fully as effectively as it does passengers, the value of much of whose travelling is at least questionable from the national point of view. Thus East Midlands may well be the best all round location, if commerce and industry in the areas Mr. Walton cites are to benefit from a new international airport.

The existence of the St. Pancras line link offers a priceless opportunity to equalise the time factors in the differing distances of existing airports from central London, for the Midland line is underused, yet is in process of being brought up to 100/110 mph running standards, and in the derelict goods depot on the west side of St. Pancras station is an ideal site for a town air terminal.

G. P. J. de Clermont.
Flat 29,
67 Elm Park Gardens,
SW10.

Today's Events

GENERAL

UK: Opencast workers meet NCB for further negotiations over pay.

Pilkington glass workers call further one-day strike in pay dispute.

Education and communication technology exhibition opens, Holland Park School, W8 (until August 27).

International craft and hobby fair at Wembley Conference Centre (until August 23).

OFFICIAL STATISTICS

Department of Employment publishes August provisional figures for unemployment and unfilled vacancies.

COMPANY RESULTS

Final dividends: Capital and National Trust. Meat Trade Suppliers. Restmor Group. **Interim dividends:** American Trust Company. T. F. and J. H. Braime (Holdings). Dufay Bitumastic. Ocean Transport and Trading. **Interim figures:** Wedgwood (first quarter).

COMPANY MEETINGS

A. Monk, Green Lane, Padgate, Warrington, 2. John Swan, New Mart Road, Gorgie, Edinburgh, 4.

LUNCHTIME MUSIC, LONDON

English organ music by Bull, Gibbons, Nares, S. S. Wesley, Preston, etc., played by Margaret Phillips, St. Lawrence Jewry, next Guildhall, 1.00 pm.

Continental completes Stenhouse share purchase

BY JOHN MOORE

Continental Corporation, the U.S. insurance concern, has purchased a 20 per cent stake in Stenhouse Holdings, the British insurance broker, in a deal worth £8.2m.

The stake was built up yesterday morning. Continental, through its brokers Rowe and Pitman, Hurst-Brown, purchased 5m shares at 110p; just under 1m shares at 100p; and 1.59m shares at 97½p. The average price that Continental paid was over 107p.

Stenhouse's shares were suspended on Friday at 87p ahead of Continental's announcement that it planned to take the 20 per cent stake in Stenhouse through a purchase in the market. Yesterday they closed at 92p.

Continental's total holding is now 7,592,000 shares in Stenhouse.

Save and Prosper was an institution which rushed to take advantage of the 110p offer and by 10 am had sold almost 1m shares, representing two-thirds of its holding in Stenhouse.

About half the shares came from jobbers and the remainder from shareholders.

Continental Corporation's London advisers, Hambros Bank, said that the 110p offer caused a 40 per cent oversubscription, and the price had to be dropped.

"One always gets a bit of blood pressure in these situations," commented one broker.

Rowe and Pitman commented that Continental had chosen this controversial way to build up a stake because a more formal arrangement would have taken more time and Continental was anxious to establish a link with Stenhouse quickly.

Continental is serving links with Harris and Dixon (Insurance Brokers) a Lloyd's of London insurance broker in which it has a 20 per cent stake.

Last year Contienetal took a 20 per cent stake in Harris and Dixon through its subsidiary Swett and Crawford. In its annual accounts Continental said that the move would strengthen its position in the London market and provide expansion of its international insurance services.

Harris and Dixon said yesterday that it was only last Friday—the same day as the Stenhouse announcement—that Mr. V. Lee Barnes, executive vice-president of Continental informed the group that Continental was "unilaterally withdrawing from this arrangement."

Harris said "it came as a complete surprise."

Harris and Dixon "is now considering its whole position." Whether that included any possible legal action against Continental the company declined to say. But it added that it saw no reason why Harris and Dixon should not continue as one of the Swett and Crawford subsidiary's London correspondents.

In New York Mr. Barnes said: "We will have to wait until the dust has settled. They have developed a good relationship with the Swett subsidiary and it's too early to predict the outcome."

Both Mr. Barnes and Harris and Dixon said that a full agreement on the proposed link-up had never been signed.

DCM hive-off to be made by rights issue

THE Dunbee-Combex-Marx toy group is likely to achieve the proposed flotation of its do-it-yourself and industrial interests through a rights issue.

The money raised would go towards the development of "our mainstream activities," Lord Westwood, the chairman, said at yesterday's annual meeting.

News that Dunbee was considering the hiving off of this profitable part of its business emerged at the weekend, but Lord Westwood told shareholders the Board was not prepared to publish any estimates of the sums involved.

It would also be wrong to make any conclusions about this from values placed on some recently listed businesses which were not wholly comparable with the relevant DCM interests, he added.

The flotation being considered would involve "certain" of the DIY and industrial interests, but there would be no further statements on the matter until later this year or early in 1980, he said.

He described the UK order position for the toy business as strong, with current trading results from the DIY and industrial division equally encouraging.

Last year, group profits slumped from £6.4m to £1.3m, with severe overseas losses, especially in the U.S., proving the main burden. The DIY and industrial side turned in trading profits of £1m and is expected to improve in 1979.

Lord Westwood said that the interim results would show "a very substantial loss." This was entirely due to the seasonal nature of the company's business, made more pronounced by the incorporation of the whole of the build-up costs in the U.S. in the first six months.

The 1978 annual report showed that Dunbee's debt and deferred payments had risen to nearly £31m from under £19m, and Mr. Richard Beecham, joint managing director, said any funds from the flotation would obviously be put towards reducing this.

So far, only the principal flotation had been decided upon, he said, with the most probable mechanism being a rights issue at a premium to shareholders. Dunbee's shares have been low for some time and were unchanged yesterday at 62p.

The DIY and industrial division contains six separate companies. Decco, the DIY self-service wholesalers bought for over £400,000 from Reed International last year, would be a clear candidate for inclusion in any flotation, he commented.

As for Dunbee's overall progress, he said: "We're certainly looking for an improvement."

British Dredging board row developing further

BY ANDREW FISHER

THE boardroom tussle at British Dredging was intensified yesterday when Mr. D. Mostyn Bowles spelled out his reasons for wanting to remove the rest of the board.

Mr. Bowles, a former chairman and managing director who is now a non-executive board member, has sent shareholders a letter contending that "a change in your company's top management now would be wise before it is left too late."

He cites a serious and worsening management problem at operation level, questioning both the management style of Mr. Bryan Clark, the chairman since 1977, and his recent statement that the company's position had become stronger.

He also expresses concern about certain payments totalling £40,000 made to companies in which Mr. Clark and his family are principal shareholders, saying that adoption of the report and accounts should be postponed until a better explanation is forthcoming than so far received.

At a special EGM to be held after the annual meeting in Cardiff on August 31, Mr. Bowles will seek to have Mr. Bryan Clark and three other directors voted off the Board.

He is proposing that they be replaced by Mr. G. Price-Stephens, a former group managing director of the Inglefield Group who left recently to start his own management and financial consultancy.

The other three people Mr. Bowles wants to have removed from the British Dredging Board are Mr. Christopher Glover, the managing director, and two non-executives, Mr. Bryan Basset and Mr. John Norton.

Mr. Clark said in London yesterday that the present Board, apart from Mr. Bowles, would make a statement to shareholders this week refuting the allegations.

He said that the directors, excluding Mr. Bowles, had read the circular and considered the details it contained to be "either erroneous, based on incomplete information, or information that Mr. Bowles has apparently misunderstood."

The company's largest shareholder, Ready Mixed Concrete with almost 28 per cent, has so far made no comment on the affair and none of its directors were available for comment yesterday.

Mr. Bowles told shareholders that while "it cannot be good for your company to have its Board engage in a public row," his hand was forced when he learned from Mr. Clark that he intended to remove him from the Board.

His circular contains restated profit and balance sheet figures, which he claims show increasing net losses of £740,000 for last year instead of the £602,000 profit shown in the accounts and also declining net worth.

"It is no good getting the financial structure right if the operational units are allowed to fall apart in the process," Mr. Bowles said.

He is being advised by Guinness Mahon, who indicated yesterday that his efforts to change the Board could count on the close support of 20 per cent of the shareholders, with more to be possibly drawn from the 40 per cent in the hands of small holders.

Mr. Bowles said last night that he had had discussions with Ready Mixed Concrete and would be seeing them in the next few days. In his circular, he said it would be his intention to seek more full-time directors and also ask RMC to nominate a director.

He said it was the first time he had publicly aired his concern over the payments to Mr. Clark, though they had been drawn to the attention of the auditors. His circular listed payments of £20,000 for furniture for the London flat used by Mr. Clark and leased by the company, £5,000 for a dormant company and £15,000 for a work boat.

"There appeared on inquiry that there may be some discrepancy between the amounts above paid and the valuation of the assets acquired in the first two of these transactions," Mr. Bowles wrote to shareholders.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Chas. Baynes ......int.	0.4	Oct. 1	0.3	—	0.75
Blagden & Noakes int.	3	Oct. 8	2.5*	—	6.7*
K. O. Boardman	0.1	Oct. 5	0.68	0.5	1.09
L. Gould ....int.	18.38p	Sept. 7	16.75	—	17.59
Lndn. St. Lawrence int.	0.39	Nov. 5	0.34	0.39	0.34

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Boardman slumps to £79,000

A NEAR £0.5m deficit at a subsidiary and stock losses, close on £0.15m, combined with higher interest costs to depress performance by KO Boardman International in 1978-79.

Overall, with recovery in the second six months from the £77,734 first half loss, the clothing manufacturer and importer finished the year to March 31, showing taxable profit sharply down from £905,925 to £79,420.

Remedial measures at William Stembridge and Sons have proved insufficient to stem losses and the group has decided to cease production there at an estimate cost of £444,677. This is provided for by an extraordinary debit, compared with a £53,949 debit item last time.

Midyear, when the loss at Stembridge had reached £265,919 (profit £63,669), the directors said the deficit had arisen from weak and inefficient management and changes were being made.

At the trading level group surplus for the year was only marginally lower at £1.2m, against £1.29m, but interest costs were some £81,000 up at £479,441. Turnover was ahead to £23.9m (£21.04m).

The effect of the losses and provision has been to absorb virtually all the year's profit and the tax credit of £416,018 (£35,005 charge), which followed a change in treatment of deferred tax, the directors point out. Furthermore, they state, margins have come under pressure since year end and high interest charges have continued.

In these circumstances the Board considers it prudent to reduce the final dividend to a nominal 0.0975p net to assist the group to conserve resources during this difficult period. Total distribution is left down from 1.056665p to 0.5p.

Earnings per 5p share were 2.27p (4.01p).

The stock losses occurred as a result of a change of management policy on stock holding at two of the importing companies, Kay and Lee and Boardman (Marcotex). Provision for this was made in the interim results when it was said that certain stocks which had been held for some time were to be cleared.

	1978-79 £	1977-78 £
Sales	23,903,841	21,038,365
Trading profit	1,204,238	1,293,401
Interest	479,441	398,244
Exceptional loss ..	645,377	*10,798
Pre-tax profit ..	79,420	905,925
Tax credit	416,018	†35,005
Net profit	495,438	870,920
Extraord. debit ..	444,677	53,949
From minorities ..	5,739	‡88
Ordinary dividend .	20,816	137,435

* Credit † Charge. ‡ To minorities.

● **comment**

While bad figures were always on the cards, Boardman's full-year profits all but disappeared, and the shares eased 1½p to the year's low of 18½p. The results were mainly affected by losses and closure costs at Stembridge, but even at the trading level, profits were 7 per cent lower against a background of improving textile trends. Clearly, the bad winter weather was a factor but the big question is whether there is any more bad news still to come. Interest rates have jumped recently and the company's borrowings look uncomfortably high at £4.2m, compared with shareholders' funds of just over £5m. Part of this is due to higher stocks although to be fair, current levels are inflated by a seasonal influence. On the other hand, the end of Stembridge production increases the importance of the importing activities (now 60 per cent of group sales), so there should be substantial benefits from the stronger pound but Boardman is yet not out of the woods.

PENTOS/CAPLAN

Pentos announces in respect of its offer for the ordinary capital of Caplan Profile, that it has received acceptances in respect of 4,981,094 ordinary shares representing 94.9 per cent of the total.

Blagden & Noakes at £2.8m in first half

FOR THE 25 weeks ended June 24, 1979, sales of Blagden and Noakes (Holdings) increased from £26.8m to £29.77m and pre-tax profits were higher at £2.82m, compared with £2.51m in the same period last year.

Tax takes £1.22m against £909,000 giving earnings per share of 9.7p compared with an adjusted 8.7p.

The interim dividend is effectively lifted from 2.5p to 3p—the total last year was equal to 6.7p from pre-tax profits of £4.95m.

The first half profit is after interest of £120,000 (£82,000). Attributable profit is £1,034,000 against £928,000 after minorities of £561,000 (£668,000).

The directors say that since the transport strike in January there has been a welcome upsurge in business which has been maintained up to now. All divisions of the group are benefiting from this improvement.

But, it would be unrealistic to ignore the increasingly pessimistic forecasts being made concerning a recession not only in this country but in world trade.

While it is the intention that the total payment for the year will be higher than that paid for 1978, shareholders should appreciate that the deciding factor must be the level of earnings achieved over the whole period.

The group trades as a maker of steel drums, plastic products chemicals and industrial protective and electrical equipment.

● **comment**

First half trading profits from Blagden and Noakes look very respectable, given that the group was struggling to break even during the first six weeks because of the transport strike. With an improvement in margins and a 14 per cent rise in trading profits behind them, the hesitant dividend forecast may seem surprising. Lead-times, however, are extremely short and a UK recession would have a rapid impact. Furthermore, while direct exports are small, drum sales—still the dominant side of the business—are heavily dependent on the export market and could take a knock from the persistent strength of sterling. The drum and cask sector is in any case unlikely to record much growth over the next few years, so the strong recovery in chemicals is particularly encouraging (the manufacturing side is almost breaking even after losing £135,000 in the same period of last year). The group is about to invest between £1m and £1.5m on a chemical manufacturing plant but could be tempted to boost growth by acquisition—the share price is near its highest point of the year at 138p so a rights issue must be tempting. Pre-tax profits of £6m would put the shares on a fully-taxed p/e of 9, while a 20 per cent dividend increase for the year (adjusting for the scrip) would give a yield of 8.6 per cent.

Glynwed in £3.9m U.S. deal

IN A US$8.6m (£3.9m) cash deal Glynwed has agreed to purchase the capital of The Breman Steel Company Inc. and the freehold land and buildings on which its operations are located.

Breman's businesses are steel stockholding and fabrication of steel products, principally for the construction industry. Its operations are carried out from two locations in Atlanta, Georgia.

The net assets being acquired amount to some $6.6m (£3.0m). For the year ended August 31, 1978, Breman made a profit before tax of $1.47m (£660,000) on sales of $8.5m (£3.8m). It is estimated that profit before tax for the year ending August 31, 1979, will be not less than $2m (£900,000) on sales of $11m (£5.0m).

Glynwed said that the acquisition of Breman will form a natural extension to its interests in steel stockholdings and fabrication in the UK. It will also add substantially to the existing interest which Glynwed has in the U.S. construction industry through its Pittsburgh-based subsidiary, Cooper and Turner Inc.

UK COMPANY NEWS

Redland warns on first half

THE CURRENT year has started poorly for Redland. In continental Europe, which for 1978-79 accounted for over half of group sales, most of its businesses sustained losses in the first quarter and even in May snowfalls impeded deliveries.

Mr. C. R. Corness, the chairman, says the company, which provides materials and services to the construction industry, is hopeful of regaining some of the lost ground but warns that much cannot be retrieved and half year results will be adversely affected.

With the public sector spending cuts and high interest rates for private house buyers and industry, the present outlook in the UK is not encouraging. The company has not lost faith in the home market but present demand places the emphasis on modernisation and increased efficiency within existing or lower levels of capacity: "It follows that we must look overseas for growth in our industry," he says.

Against the dullness in the UK and Australia and the impact of the strength of the pound on translation of foreign earnings, however, there are signs of real advance in construction activity in Germany and some other favourable factors, including first contributions from the group's newly acquired U.S. businesses, he adds.

As known during 1978-79 the company, in partnership with its West German subsidiary Braas and Co., bought Automated Building Components and Season-all Industries, in the U.S.

"Further acquisition prospects are being examined but we are in no particular hurry. The over-riding consideration is to assemble a group of complimentary businesses capable of sustaining future profitable growth out of their own cash flows," Mr. Corness explains.

In a move outside its normal policy of development within the construction industry, Redland is uniting the activities of Sarasota Engineering and J. Agar Instrumentation, which it has just acquired, under the name of Redland Automation.

The latest move is to exploit Redland Automation's special skills in the fast-growing micro-electronic and electro mechanical technology, the chairman says.

Taxable profit in the year to March 31, 1979, climbed to a record £45m (£40m) on total sales of £397m (£380m). As reported June 28 the net dividend is stepped up to 6.551p (4.22p).

Short-term funds show a net outflow of £11.08m (inflow £8.82m) with bank overdrafts at year-end up from £4.44m to £17.18m. Loan capital stood at £34.99m (£26.6m) and net assets employed amounted to £195.1m (£170.88m). Debt equity ratio is shown at 22 per cent.

Authorised future capital spending in the UK amounted to £25.38m (£21.66m), of which £2.88m (£5.49m) had been contracted; and overseas, mainly for the calendar year 1979, it totalled about £11.9m (£10.84m). A further £14.35m had been authorised for the purchase of Season-all.

An increase in authorised share capital from £27.5m to £30.6m by creation of 12.25m ordinary shares is proposed, to permit the company more flexibility to enter small transactions.

Meeting, Plaisterers Hall, EC, on September 18, at 12.15 pm.

L. Gould advances to £102,000

ON turnover well ahead at £968,000, against £592,000, taxable profits of Laurence Gould and Co. reached £102,000 for the first half of 1979, compared with £73,000 last time.

Mr. Laurence Gould, chairman, says that with sales 63 per cent higher and trading profit of £136,000, some 75 per cent of the 1978 total, the company seems set for a full-year performance well ahead of last time. For the whole of 1978, the taxable surplus of the agriculture and agro-industries consultant was £134,000.

The directors' sights are now set on 1980, and they are working hard to build up a strong forward order book.

The chairman says the company is more than holding its own in the UK, but it is having to fight hard to win overseas contracts.

After tax for the half-year of £42,000 (£35,000), earnings per share are shown to have risen 57 per cent to 66p (42p). The net interim dividend is stepped up from 16.75p to 18.375p—last year's total was 17.5875p.

Dealings in the company's shares are conducted under Rule 163/2.

Heron Corporation tops £8.2m: sales near £295m

ANOTHER successful year is reported by Heron Corporation with sales up from £265.5m to £294.8m for the 12 months to March 31, 1979, and pre-tax profits of £8.23m, against £6.52m, a rise of 26 per cent.

Net assets have increased to £70m while cash balances at the year-end were some £15m.

An increase in share capital took place during the year by way of capitalisation of reserves and a scrip issue and the group's paid up capital now stands at £25m.

Mr. G. M. Ronson, chairman and chief executive says the group experienced an upturn in petrol retailing. With 17 new sites opened during the year and the management of a number of sites handed over to the major oil companies 166 locations were operating at the year end.

The publicly-quoted Heron Motor Group completed another year of satisfactory progress. Pre-tax profit of £3.53m shows an increase of 15 per cent over the previous year. Heron has considerably increased leasing activity through joint ventures with Lombard North Central and with the Lloyds and Scottish Group.

The group had excellent support from Suzuki, their dealers and their customers and market share was significantly increased. Later in the year a lightweight car capable of over 50 miles to the gallon will be introduced.

Housing development returned to better margins. The current land bank with planning consent is sufficient for three years.

During the year two substantial new sites were acquired and Heron is discusing several inner city redevelopment schemes with local authorities. There are currently 18 sites under development.

There was satisfactory trading in watches, cutlery and electronic products. Ingersoll Electronics secured the UK franchise for Atari TV games from Warner Communications Company, while Butlers of Sheffield, the cutlery company, again produced good results despite severe competition from low cost imports.

The property division had its most active year in the UK. The group's confidence in the key site at Rond Point des Champs Elysees in Paris is proving well founded, the chairman says.

Premium income of the insurance subsidiary, National Insurance and Guarantee Corporation increased 32 per cent to just under £26m. Investment income was a record £2.7m and overall profit approached £2m.

GP Finance £1m issue

Following Treasury approval the General Practice Finance Corporation has made an issue of £1m 12¾ per cent stock 1994 which will be taken up by the National Dept Commissioners in two instalments of £500,000 each—the first immediately and the second on September 14. The issue will be made at £99 per £100 stock.

The GPFC was set up for the purpose of assisting, by way of loans, National Health Service medical practitioners in the provision or improvement of their practice premises.

Chesterfield Properties' £51m surplus

A professional valuation of Chesterfield Properties' portfolio of investment properties has thrown up a surplus of almost £51m which will be transferred to reserves.

The valuation of £80m (compared with a book value of £29.08m) was on the basis of open market value at June 30, 1979, and will be incorporated in the 1979 accounts.

Based on the December, 1978, accounts the valuation indicates a net asset value of 368p per share. This is after taking into account the directors estimate of the surplus of £2.5m over the book value of £162,000 attributable to the group's share of net assets of associates. The valuation also incorporates sites held for, or in the course of, development at cost.

In arriving at the net asset value no provision has been made for tax on capital gains which might become payable on realisation.

Chas. Baynes up to £0.21m at midterm

Taxable profits of Charles Baynes, hacksaw blade manufacturer, rose from £200,807 to £211,484 in the first half of 1979, on turnover little changed at £1.04m, against £1.05m.

The directors say prospects for the remainder of the year depend upon the industrial climate and the future strength of sterling. For the whole of 1978, the taxable surplus reached a record £397,000 (£391,000).

Tax for the half-year took £109,972 (£104,419), giving net profit up from £96,388 to £101,512. The net interim dividend is raised from 0.3p to 0.4p per 10p share—last year's total was 0.74816p.

Sales ahead so far at Shaw Carpets

Overall sales at Shaw Carpets so far this year were ahead of last time, although the strong pound was having an adverse affect on exports, Mr. J. W. H. Hartley, chairman, said at the annual meeting.

He was confident that further progress would be made during the current year. In the last 12-month period, taxable profits reached £1.65m (£699,000).

The new carpet ranges had been introduced successfully, he added.

Utd. Glass dips 44% midway

A sharp fall in pre-tax profits from £6.01m to £3.35m for the 28 weeks to June 16, 1979, is reported by United Glass, and the directors say it is unlikely that full year profits will reach the record £15.05m achieved last year.

Sales and profit of the group, jointly owned by Distillers and Owens Illinois Inc., were severely affected by the transport strike and subsequently the level of trading has not been sufficient to compensate for the earlier setback.

Sales for the first half amounted to £78.94m against £72.68m. Pre-tax profit is after interest of £648,000 (£450,000). No liability for corporation tax is expected on 1979 profits, the directors add.

The directors say the recent upward movement of sterling relative to other currencies has added to the problems of meeting foreign competition, both in the UK and in overseas markets.

Despite the reduction in profitability the group's investment programme has been maintained at a high level, the board states.

Some £6m is to be spent on modernising and expanding the furnace at St. Helens and about £2.5m on warehousing in Glasgow.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: American Trust, T. F. and J. H. Braime, De Beers Consolidated Mines, De Beers Industrial, Dufay Bitumastic, Lambert Howarth, Hongkong and Shanghai Banking, Myson, Ocean Transport and Trading, Tiger Oats and National Milling.

Finals: Apex Properties, Bound-Pelepah, Capital and National Trust, Meat Trade Suppliers, Rostmor.

FUTURE DATES

Interims—	
Abbey Panels	Aug. 24
Anglo American Industrial	Aug. 31
British Petroleum	Sept. 6
Cadbury Schweppes	Sept. 6
Elys (Wimbledon)	Aug. 24
Gibbs and Dandy	Aug. 24
Lead Industries	Sept. 13
Montfort (Knitting Mills)	Sept. 5
Nu-Swift Industries	Aug. 29
Finals—	
British Assets Trust	Aug. 22
Calcutta Electric Supply	Aug. 22
Consolidated Plantations	Aug. 27
Coronation Syndicate	Sept. 12
Sime Darby	Aug. 27

MINING NEWS

Western Mining makes sharp recovery

BY PAUL CHEESERIGHT

THE RECOVERY of the international nickel market and the buoyancy of the gold price have helped to lift the annual earnings of Western Mining Corporation by 144 per cent, thus providing the base for a final dividend payment of five cents (2.5p).

The Australian group yesterday announced that net earnings for the year to last June were A$24.62m (£12.5m) compared with A$10.09m in the depressed 1977-78 year. Earnings have now climbed back to the level of 1976-77, when profits reached A$22.1m.

The declaration of the final dividend brings total payments to shareholders for 1978-79 to seven cents against three cents the previous year. Earnings per share were 11.9 cents compared with 4.9 cents.

The improvement in WMC's fortunes, widely expected because of metal price movements in recent months and broadly in line with trends in the industry, failed to lift the London share price, which closed yesterday at 160p, for a fall of 3p.

WMC's financial position began to strengthen in the first half, when net profits were A$8.04m, and appreciably hardened after January. Nickel sales in the first half were 47 per cent higher than in the comparable period of 1977-78, and over the whole year were 84 per cent higher at 49,900 tonnes.

The second half coincided with a marked recovery in nickel prices as the market absorbed the full implications of the Inco strike and earlier cutbacks in international producer capacity. WMC's sales revenue from nickel and its co-products thus rose by 77 per cent in 1978-79 to A$195.2m.

At the same time, Central Norseman Gold, which is 51 per cent owned by WMC, received an average price of $198 an ounce for its gold, $50 more than in the previous year. Although a strike held back output, net profits nevertheless climbed to A$9.5m in the year to June, from A$5.73m in 1977-78.

On the debit side, WMC said that it doubted whether the Jurien Bay mineral sands plant could be economically re-started and it has therefore made provision for a loss of A$2.4m.

Such a sum, however, is small relative to the vast amounts which will be invested in joint ventures where WMC is the main shareholder, notably the Yeelirrie uranium project in Western Australia and the Olympic Dam copper-uranium-gold prospect in South Australia.

At Yeelirrie, Exxon of the U.S. and Urangesellschaft of West Germany are in partnership with WMC. Urangesellschaft is to pay A$9m for a 10 per cent stake, WMC said. A third of this has already been paid.

British Petroleum is WMC's joint venture at Olympic Dam. The oil group has decided to exercise an option to participate in a further joint venture for exploration outside Olympic Dam. BP will spend A$10m over three years and then select 10 separate areas, each of about 65 sq km, in which it can maintain a 49 per cent interest by spending a further A$10m in each area.

These joint ventures promise to speed WMC's growth in the 1980s but the group's immediate prospects are clouded by the possibility of a downturn on the international nickel market, caused by recession and the resumption of production at Sudbury.

News Ltd. leaves Alwest

MR. RUPERT MURDOCH'S group, News Ltd. has withdrawn from the A$800m (£308m). Alwest bauxite-alumina project in Western Australia. The project has been re-named Worsley after the hamlet outside the coal producing town of Collie.

The withdrawal of News Ltd. was announced yesterday by Broken Hill Proprietary, which now holds 20 per cent of a venture whose future has been the subject of discussion and shifting shareholdings for nine years.

The original plan for the venture was to use bauxite reserves held by BHP and News Ltd in the Darling Range outside Perth as the raw material for an alumina plant at Wagerup. The plan was scaled down and the plant site changed after Alcoa of Australia pulled out two years ago.

Apart from BHP, the main shareholders in the Worsley project are Reynolds Metals of the U.S., whose interest has been constant, with 40 per cent, and Billiton, the metals arm of the Royal Dutch Shell group, with 30 per cent. A Japanese consortium, led by Kobe Steel, holds the balance of 10 per cent.

The Worsley partners have recently been completing environmental studies with a view to the construction of a plant which would be fuelled by Collie coal.

The project has been watched and encouraged by the Western Australian Government, which has been concerned to develop alumina and aluminium capacity in the state. The Government had once hoped that plant construction would start in 1978 and be completed in 1981.

The Worsley project is one of three bauxite-alumina ventures in the state. Alcoa of Australia is planning a plant at Wagerup while Conzinc Riotinto of Australia is making a feasibility study of a deposit at Mitchell Plateau which could lead to it taking a majority holding.

Debswana expansion ceremony

THE MAJOR expansion of the Orapa and Letlhakane diamond mines in Botswana putting that country among the world's leading producers, was formally inaugurated at the weekend by Sir Seretse Khama, the Botswana President, reports Quintin Peel from Johannesburg.

A virtual doubling of capacity at Orapa, giving it the largest diamond treatment plant in the world, was commissioned last October and finally reached capacity in June, increasing the annual output of the mine from 2.5m to 4.1m carats.

At the same time the treatment plant at the neighbouring Letlhakane mine has been commissioned since May, and is expected to raise production from 330,500 to 400,000 carats a year by the end of 1979.

The mines are operated by Debswana, the joint company owned equally by De Beers and the Botswana Government, and the ceremony underlined the much-improved relations between the two partners, since the Botswana Government renegotiated its stake in the company in 1974.

In addition, Debswana is developing another major prospect at Jwaneng, in the far south of Botswana, which is expected almost to redouble the national diamond output to 8.7m carats. That would amount to more than 40 per cent of De Beers expected capacity in 1983, although rather less in terms of gemstones.

Sir Seretse said at the ceremony that "we are pleased with our partnership," and Mr. Harry Oppenheimer, the chairman of De Beers, said the partnership was responsible for greater stability in the Botswana economy.

The only bone of contention between the Debswana partners now appears to be the Botswana Government's desire to open the township at Orapa to the general public, while De Beers traditionally enforces total security on diamond mines and their townships.

The Botswana President announced that a new headquarters for the Botswana Diamond Valuing Company, a Debswana subsidiary which sorts the output of the Botswana mines, was to be built in Gaborone. He also confirmed plans for a diamond cutting operation to be established in the Botswana capital by the Belgian company, Mabrodiam.

MITSUI IN COAL VENTURE TALKS

The Mitsui group is negotiating with Gulf Oil of the U.S. and Ruhrkohle of West Germany about the creation of a joint coal liquefaction company, reports Richard C. Hanson from Tokyo.

The Japanese and German interests would each hold 25 per cent and Gulf the rest. According to Mitsui, the joint venturers would build a $700m (£315.5m) plant in West Virginia by 1985. The Japanese share of the costs would be $175m.

The plant would use a process of coal liquefaction known as the Solvent Refined Coal formula, with which Mitsui gained experience in World War Two. Mitsui said the details were being negotiated but one report said the three partners would conclude a cross licensing agreement so that SRC patents developed by the three could be used equally.

Round-up

South African gold production was steady last month at 1,895,894 ounces, slightly higher than a restated 1,884,581 ounces in June. The latest statistics from the Chamber of Mines show that the cumulative total for the first seven months of the year at 13,201,318 ounces is running fractionally ahead of the 13,157,845 ounces recorded at the same time in 1978.

* * *

Following a review of its income-tax expenses, Mount Lyell Mining, the Tasmanian copper producer in the Gold Fields group, has revised its net profits for the year to June downwards to A$428,000 (£165,000) from A$751,000.

* * *

Mitsui Mining of Japan may take a 5 per cent stake in the Drayton steaming coal project in New South Wales, currently owned by Thiess with 55 per cent and Shell with 45 per cent. Mitsui's stake would come from the Shell holding. Talks have been going on for about a year.

Cowan de Groot ahead

THE CURRENT year has started well for Cowan, de Groot, with sales throughout this toys, giftware, electrical wholesaling, hardware and machinery group ahead of last time, Mr. Derrick Cowan, chairman, says in his annual statement.

Provided the inflation rate can be contained, the directors look forward to sustaining this progress. They confidently anticipate another favourable result this year and a further increase in the dividend.

As reported on August 8, pre-tax profit rose from £1.92m to a record £2.2m for the year to April 30, 1979. The net dividend total is raised 30 per cent from 2.308p to 3p a 10p share and—to mark the 60th anniversary of the business—a one-for-ten scrip issue is proposed.

The chairman says a current revaluation of group freeholds and leaseholds has revealed a surplus of £1.4m.

Group finances remain strong. It continues to hold ample reserves, while facilities exist to support plans for expansion. During the year, the first £250,000 of the medium-term loan was repaid to County Bank, leaving the next repayment of £500,000 due in 1983.

In the toys and giftware division, Cowan, de Groot (Toys and Sales) has had a satisfactory selling year although the increased turnover was not matched by a corresponding improvement in earnings. Margins were under pressure partly through operating costs in the new warehouse and also through substantial overheads and increased interest charges.

An encouraging start has been made to the current year, the chairman adds. And, with sales well ahead plus the strong pound, the company should show a significant increase in profits.

D. Dekker and Ernest Derrick produced good results, while the latest acquisition—Ronald Kaufmann—promises well for the future. Steps are being taken to improve the disappointing outcome at Carson Baker.

The current forward sales position throughout the toys and giftware division exceeds that of the same period last year, and another prosperous Christmas season is anticipated.

Of the electrical and hardware division, the chairman says A. Berkeley, of Birmingham, and H. and J. Supplies, of Chester, have amalgamated. New premises in Birmingham and Manchester should be operational early in 1980.

Gordon Randow continues its progress, and turnover increased sharply at Electrical Wholesalers.

Results of the Russian Shop division were again satisfactory. New retail premises are planned in the West End.

The machinery division has continued to progress, apart from the trading results and subsequent terminal and closure losses of Millbrook Plastics.

An analysis of turnover and pre-tax profit shows (£000): toys and giftware 9,300 and 756 (6,847 and 598); electrical and hardware 24,603 and 1,246 (20,586 and 1,105); Russian Shop 450 and 56 (406 and 58); machinery 4,563 and 145 (4,332 and 157).

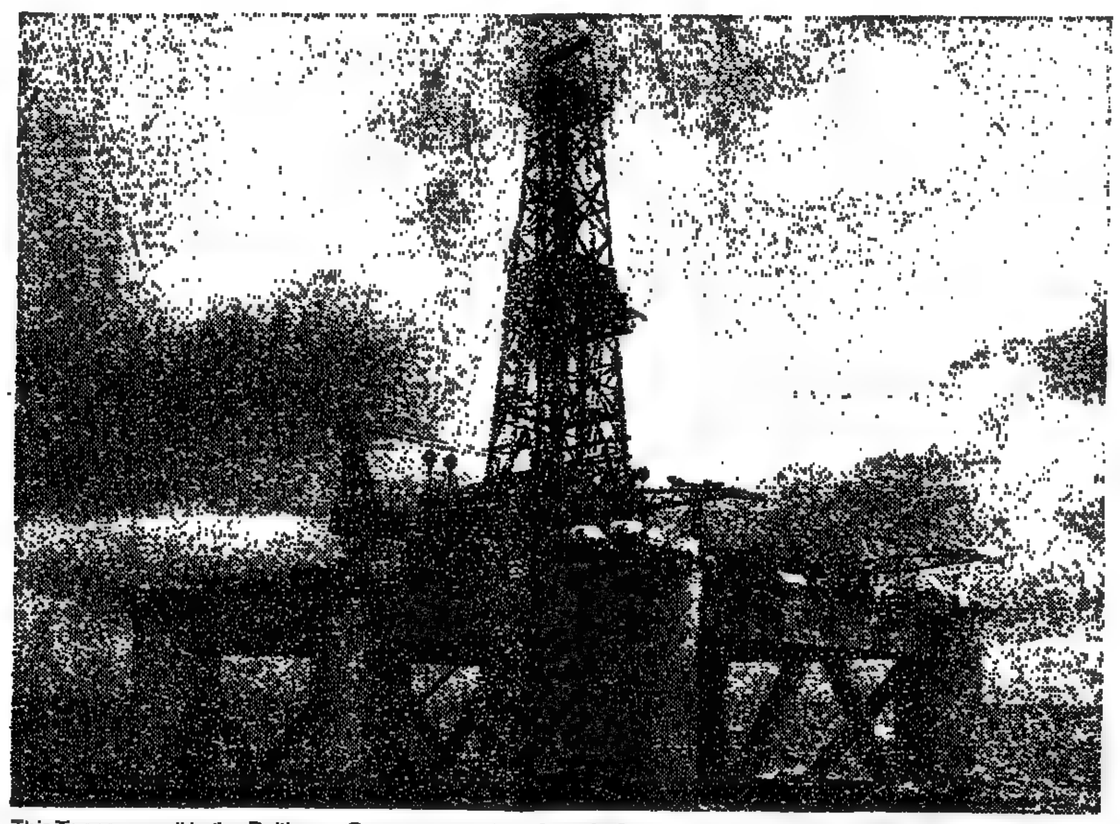
Meeting, Abercorn Rooms, EC, on September 14, at noon.

Chamberlain Phipps/Delta Mouldings

Chamberlain Phipps is acquiring Delta Mouldings (Leicester).

Chamberlain says that Delta has interests in North America which are complementary to the moulding division's present operations in this area.

The directors of Delta claim that with the support of Chamberlain, the company will be able to make the most of its development programme and so ensure its future progress.



This Tenneco well in the Baltimore Canyon area of the Atlantic Ocean was tested during the second quarter at the rate of 12 million cubic feet of natural gas and 630 barrels of oil per day. Only additional drilling and testing can determine its commercial potential.

Sterling up on trade figures

STERLING was the major currency of interest in otherwise very quiet foreign exchange trading yesterday. Most currencies, including the U.S. dollar showed little change on the day. The pound was depressed in early trading, ahead of the UK trade figures for July. It opened at $2.2110-2.2120, and fell to a low point of $2.2060-2.2070, where the Bank of England may have intervened to smooth the market.

Sterling was around $2.2090-2.2110 just before the trade figures were announced, but these were rather better than the market had anticipated, leaving many operators short of the currency, which immediately rose by 1 cent to $2.2190-2.2210. The pound continued to advance, rising to a best level of $2.2240-2.2250, before closing at $2.2215-2.2225, a rise of 40 points on the day. Sterling's trade-weighted index, as calculated by the Bank of England, rose to 70.9 from 70.7, after falling to 70.4 in the morning and 70.5 at noon.

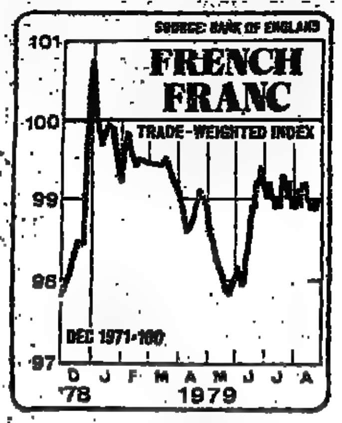
The dollar traded within a very narrow range, and its index, on Bank of England figures, was unchanged at 84.7. It finished at DM 1.8320 against the D-mark, compared with DM 1.8325 on Friday, and at SwFr 1.6600 in terms of the Swiss franc, compared with SwFr 1.6590.

FRANKFURT—The Bundesbank did not intervene when the dollar was fixed at DM 1.8320 against the D-mark, compared with DM 1.8306 on Friday. There was no sign of intervention by the authorities before the fixing. Sterling showed the most noticeable movement, falling ahead of the July trade figures. Market sources suggested that the pound could recover later however if the UK trade figures were better than expected. By late afternoon sterling was quoted at DM 4.0675, unchanged from the close on Friday. The U.S. currency was expected to remain fairly stable throughout the week in the absence of any major developments.

MILAN—The dollar showed little change in active trading at the fixing, while sterling declined. The U.S. currency was fixed at L819.05, compared with L818.95 on Friday, and members of the European Monetary System were mixed against the lira. The pound fell to L1,810.60 from L1,816.33, and the D-mark to L446.96 from L447.35. The French franc was steady at L192.05, compared with L192.03 previously, but the Swiss franc declined to L493.79 from L494.89.

ZURICH — Sterling showed some nervousness in quiet early trading, ahead of the July trade figures. The dollar was steady at SwFr 1.6575 at mid-morning, little changed from its opening level, but down slightly from Friday's close of SwFr 1.6590 against the Swiss franc.

TOKYO—Selling by major Japanese banks pushed down the dollar in late trading from a high point of Y217.80 against the yen. It closed at Y217.42½, compared with Y217.57½ on Friday. Trading was moderate.



EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU August 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	39.4582	40.4474	+2.51	+1.36	±1.53
Danish Krone ...	7.08592	7.28088	+2.75	+1.60	±1.635
German D-Mark	2.51064	2.52577	+0.60	−0.54	±1.1325
French Franc ...	5.79831	5.87737	+1.35	+0.22	±1.35
Dutch Guilder ...	2.72077	2.77435	+1.97	+0.82	±1.5075
Irish Punt ...	0.662638	0.671878	+1.39	+0.25	±1.665
Italian Lira ...	1148.15	1129.15	−1.65	−1.66	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Aug. 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2060-2.2250	2.2215-2.2225	0.59-0.49c pm	2.92	1.41-1.31 pm	2.45
Canada	2.5820-2.6005	2.5970-2.5990	0.65-0.55c pm	2.77	1.52-1.42 pm	2.26
Nethlnd.	4.44-4.48½	4.46¾-4.47¾	2½-1¾c pm	5.70	6⅛-5¼ pm	5.03
Belgium	64.80-65.35	65.17-65.27	19-9c pm	2.58	42-32 pm	2.27
Denmark	11.66½-11.75	11.72½-11.73½	1ore pm-1ore dis	par	3-5 dis	−1.36
Ireland	1.0770-1.0830	1.0812-1.0822	29-39p dis	−3.77	100-110 dis	−3.88
W. Ger.	4.04-4.08½	4.06½-4.07½	3¼-2¼pf pm	8.11	8-7 pm	7.37
Portugal	108.50-109.75	109.20-109.50	15-65c dis	−4.39	120-220 dis	−6.22
Spain	146.00-146.90	146.67-146.77	160-210c dis	−14.72	525-625 dis	−0.76
Italy	1809-1821	1818-1820	3½-1½lire pm	1.48	1½-3½ dis	−0.55
Norway	11.12-11.20	11.18½-11.19½	5¾-3¼ore pm	4.56	11½-9½ pm	3.66
France	9.41½-9.48½	9.46¾-9.47¾	2¾-1¾c pm	2.69	6½-4½ pm	2.11
Sweden	9.35-9.42	9.40½-9.41½	2½-½ore pm	1.44	3¼-1¼ pm	0.74
Japan	478-485	482½-483½	3.65-3.35y pm	8.66	9.65-9.35 pm	7.84
Austria	29.55-29.90	29.73-29.78	25-15gro pm	8.07	57-47 pm	6.99
Switz.	3.66-3.70½	3.68½-3.69½	4½-3½c pm	13.41	12-11 pm	12.47

Belgian rate is for convertible francs. Financial franc 67.50-67.60c pm. Six-month forward dollar 2.60-2.50c pm. 12-month 4.60-4.50c pm

THE DOLLAR SPOT AND FORWARD

Aug. 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2060-2.2250	2.2215-2.2225	0.59-0.49c pm	2.92	1.41-1.31 pm	2.45
Ireland†	2.0490-2.0535	2.0505-2.0525	1.20-1.10c pm	6.73	3.0-2.85 pm	5.70
Canada	1.1685-1.1698	1.1695-1.1698	1.0c pm-1.0c dis	—	0.08-0.12dis	−0.34
Nethlnd.	2.0110-2.0145	2.0125-2.0145	0.52-0.42c pm	2.80	1.35-1.25 pm	2.58
Belgium	29.31-29.36	29.335-29.35	1.0-2.5c dis	−0.72	1-3 dis	−0.27
Denmark	5.2770-5.2865	5.2785-5.2800	1.51-1.65ore dis	−3.28	4.5-5.0 dis	−3.6
W. Ger.	1.8310-1.8337	1.8318-1.8328	0.81-0.71pf pm	4.98	2.32-2.22 pm	4.96
Portugal	49.17-49.31	49.18-49.28	25-35c dis	−7.31	80-120 dis	−8.13
Spain	66.03-66.08	66.03-66.06	90-110c dis	−18.17	290-300dis	−17.56
Italy	818.60-819.20	818.80-819.20	1.10-1.60lire dis	−2.0	5.75-6.50 dis	−3.0
Norway	5.0330-5.0370	5.0350-5.0360	1.0-0.50ore pm	1.79	2.0-1.5 pm	1.39
France	4.2615-4.2640	4.2615-4.2630	Par-0.06c dis	−0.08	0.28-0.38dis	−0.31
Sweden	4.2305-4.2360	4.2340-4.2350	0.30-0.50ore dis	−1.13	1.10-1.30dis	−1.13
Japan	217.20-217.45	217.20-217.40	1.10-0.95y pm	5.7	3.10-2.95 pm	5.56
Austria	13.381-13.395	13.383-13.388	6.20-5.70gro pm	5.33	17.0-15.5 pm	4.36
Switz.	1.6575-1.6610	1.6595-1.6605	1.51-1.46c pm	10.7	4.20-4.15 pm	10.06

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Aug. 20	Bank of England Index	Morgan Guaranty changes %
Sterling	70.9	−34.5
U.S. dollar	84.7	−8.6
Canadian dollar	80.6	−17.2
Austrian schilling	148.1	+19.7
Belgian franc	114.0	+15.5
Danish kroner	113.7	+2.5
Deutsche mark	151.8	+42.4
Swiss franc	196.9	+81.0
Guilder	123.5	+18.5
French franc	99.0	−7.3
Lira	55.4	−48.6
Yen	151.6	+30.2

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

August 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.587070	0.623928
U.S. $	10½	1.29813	1.37869
Canadian $	11½	1.51803	1.61211
Austria Sch.	3¾	17.3781	18.4460
Belgian F.	9	38.0904	40.4474
Danish K.	9	6.85288	7.28088
D Mark	5	2.37817	2.52577
Guilder	8	2.61249	2.77435
French Fr.	9½	5.53398	5.87737
Lira	10½	1063.17	1129.15
Yen	6¼	282.603	299.576
Nrwgn. K.	7	6.53479	6.94241
Spanish Pes.	8	85.6909	91.0527
Swedish Kr.	7	5.49330	5.83463
Swiss Fr.	1	2.16217	2.28684

OTHER MARKETS

August 20	£	$		Note Rates
Argentina Peso	3077-3097	1385-1395	Austria	29-30
Australia Dollar	1.9700-1.9740	0.8865-0.8885	Belgium	67-68
Brazil Cruzeiro	58.59-59.59	26.35-26.80	Denmark	11.65-11.80
Finland Markka	8.62-8.63½	3.8345-3.8410	France	9.40-9.55
Greek Drachma	80.695-82.627	36.30-37.20	Germany	4.00-4.10
Hong Kong Dollar	11.32-11.34	5.1250-5.1260	Italy	1,790-1,840
Iran Rial	157.08-168.06	70-74	Japan	480-490
Kuwait Dinar (KD)	0.605-0.615	0.2760-0.2761	Netherlands	4.40-4.50
Luxembourg Frc.	65.17-65.27	29.34-29.36	Norway	11.10-11.25
Malaysia Dollar	4.7620-4.7720	2.1570-2.1580	Portugal	105-110
New Zealand Dlr.	2.1935-2.2005	0.9870-0.9900	Spain	145-148
Saudi Arab. Riyal	7.37-7.47	3.3570-3.3580	Switzerland	3.63-3.73
Singapore Dollar	4.7890-4.7910	2.1553-2.1563	United States	2.21½-2.23
Sth. African Rand	1.8480-1.8580	0.8300-0.8350	Yugoslavia	43-45

Rate given for Argentina is free rate.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on August 20, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (or) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	95.00
Albania	Lek	10.0017
Algeria	Dinar	8.5627
Andorra	French Franc	9.47½
	Spanish Peseta	146.72
Angola	Kwanza	64.475
Antigua (S)	E. Caribbean $	6.0427
Argentina	Ar. Peso Free Rate	3,087
Australia (S)	Australian $	1.9720
Austria	Schilling	29.75½
Azores	Portug. Escudo	109.35
Bahamas (S)	Ba. Dollar	2.2220
Bahrain (S)	Dinar	0.839
Balearic Isles	Spa. Peseta	146.72
Bangladesh (S)	Taka	34.52 (sg)
Barbados (S)	Barbados $††	4.44
Belgium	B. Franc	(cm) 65.22 (fn) 67.55
Belize	B $	4.44
Benin	C.F.A. Franc	473.5
Bermuda (S)	Bda $	2.2220
Bhutan	Indian Rupee	17.92 (sg)
Bolivia	Bolivian Peso	44.44
Botswana (S)	Pula	1.8402
Brazil	Cruzeiro ‡‡	59.09
Brit. Virgin Isles (S)	U.S. $	2.2220
Brunei (S)	Brunei $	4.8210
Bulgaria	Lev	1.7930
Burma	Kyat	14.9476
Burundi	Burundi Franc	208.75
Cameroon Republic	C.F.A. Franc	473.5
Canada	Canadian $	2.5920
Canary Islands	Spanish Peseta	146.72
Cape Verde Isle	Cape V. Escudo	81.1252
Cayman Islands (S)	Cay. Is. $	1.8517
Cent. Af. Empire	C.F.A. Franc	473.5
Chad	C.F.A. Franc	473.5
Chile	C. Peso	(Bk) 86.19
China	Renminbi Yuan	3.4413
Colombia	C. Peso	(F) 94.49
Comoro Islands	C.F.A. Franc	473.5
Congo (Brazzaville)	C.F.A. Franc	473.5
Costa Rica	Colon	19.1092
Cuba	Cuban Peso	1.59835
Cyprus (S)	Cyprus £	0.7730
Czechoslovakia	Koruna	(com) 11.25 n/c 22.50 (T) 18.90
Denmark	Danish Krone	11.73
Djibouti	Fr.	365.0
Dominica (S)	E. Caribbean $	6.0050
Dominican Repub.	Dominican Peso	2.2220
Ecuador	Sucre	(O) 54.97 (F) 62.52
Egypt	Egyptian £	(U) 1.560
Equatorial Guinea	Peseta	146.72
Ethiopia	Ethiopian Birr	(P) 4.6048
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.775
Fiji Islands	Fiji $	1.8270
Finland	Markka	8.6375
France	French Franc	9.47½
French C'tyin Af*	C.F.A. Franc	473.5
French Guiana	Local Franc	9.47½
French Pacific Is.	C.F.P. Franc	173.0
Gabon	C.F.A. Franc	473.5
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.07
Germany (West)	Deutsche Mark	4.07
Ghana (S)	Cedi	6.16 (sg)
Gibraltar (S)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.920
Greece	Drachma	81.66
Greenland	Danish Kroner	11.775
Grenada (S)	E. Caribbean $	6.0050
Guadaloupe	Local Franc	9.47½
Guam	U.S. $	2.2220
Guatemala	Quetzal	2.2220
Guinea Republic	Sily	42.1478
Guinea Bissau		75.1274
Guyana (S)	Guyanese $	5.6661
Haiti	Gourd	11.11
Honduras Repub.	Lempira	4.44
Hong Kong (S)	H.K. $	11.33
Hungary	Forint	(com) 77.30 (T/nc) 44.17
Iceland (S)	I. Krona	812.5
India (S)	Ind. Rupee	17.92 (sg)
Indonesia	Rupiah	1,388¾
Iran	Rial	160.0
Iraq	Iraq Dinar	0.66365
Irish Republic (k)	Irish £	1.0875
Israel	Israel £	59.50
Italy	Lira	1819
Ivory Coast	C.F.A. Franc	473.5
Jamaica (S)	Jamaica Dollar	3.9629
Japan	Yen	483.0
Jordan (S)	Jordan Dinar	0.655
Kampuchea	Riel	2566.4
Kenya (S)	Kenya Shilling	16.425
Korea (Nth)	Won	2.00(U)
Korea (Sth)	Won	1071.09
Kuwait (Sth)	Kuwait Dina.	0.610
Laos	Kip Pot Po	888.8
Lebanon	Lebanese £	7.2104
Lesotho	S. African Rand	1.8500
Liberia	Liberian $	2.2220
Libya	Libyan Dinar	0.6578
Liechtenstein	Swiss Franc	3.69
Luxembourg	Lux Franc	65.40
Macao	Pataca	11.7988
Madeira	Portug'se Escudo	109.35
Malagasy Republic	MG Franc	473.5
Malawi (S)	Kwacha	1.80
Malaysia (S)	Ringgit	4.7670
Maldive Islands (S)	Mal Rupee	87.325
Mali Republic	Mali Franc	947.135
Malta (S)	Maltese £	0.785
Martinique	Local Franc	9.47½
Mauritania	Ouguiya ‡	94.5685
Mauritius (S)	M. Rupee	13.1709
Mexico	Mexican Peso	50.37
Miquelon	C.F.A. Franc	473.5
Monaco	French Franc	9.47½
Mongolia	Tugrik	(O) 6.666 (U)
Montserrat	E. Caribbean $	6.0427
Morocco	Dirham	8.56 (sg)
Mozambique	Moz. Escudo	65.096
Nauru	Australian Dollar	1.9720
Nepal	Napalese Rupee	26.66
Netherlands	Guilder	4.47½
Netherland Antilles	Antillian Guilder	397.94
New Hebrides	Franc.	153.07
	Aust. Dollar	1.9720
New Zealand (S)	N. Z. Dollar	2.1970
Nicaragua	Cordoba	22.10
Niger Republic	C. F. A. Franc	473.5
Nigeria (S)	Naira	1.267818 (sg)
Norway	Norway Krone	11.19
Oman Sul'ate of (S)	Rial Omani	0.768
Pakistan	Pakistan Rupee	21.75
Panama	Balboa	2.2220
Papua N. Guinea (S)	Kina	1.5799
Paraguay	Guarani	278.70
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.7688
Peru	Sol	exc(A) 512.85
Philippines	Philippine Peso	16.3317
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.1955
Poland	Zloty	(Cm) 63.38 (T) 65.38
Portugal	Portugu'se Escudo	109.35
Port Timor	Timor Escudo	109.35
Principe Islands	Portugu'se Escudo	109.35
Puerto Rico	U.S. $	2.2220
Qatar (S)	Qatar Ryal	8.27
Reunion Ile de la	French Franc	9.515
Rhodesia	Rhodesian $	1.5410
Romania	Leu	(Cm) 9.97 (nc)(T) 26.77
Rwanda	Rwanda Franc	1.9947
St. Christopher (S)	E. Caribbean $	6.0050
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.0050
St. Pierre	C.F.A. Franc	473.5
St. Vincent (S)	E. Caribbean $	6.0050
Salvador El	Colon	5.52
Samoa American	U.S. $	2.2220
San Marino	Italian Lire	1819
Sao Tome	Portugese Escudo	109.35
Saudi Arabia	Ryal	7.42
Senegal	C.F.A. Franc	473½
Seychelles	S. Rupee	13.53
Sierra Leone (S)	Leone	2.3331
Singapore (S)	Singapore $	4.7855
Solomon Islands (S)	Solomon Is. $	1.9671
Somali Republic	Somali Shilling	(A) 13.5856
South Africa (S)	Rand	1.8500
South West African Territories (S)	S. A. Rand	1.8500
Spain	Peseta	146.72
Spanish ports in North Africa	Peseta	146.72
Sri Lanka (S)	S. L. Rupee	34.40
Sudan Republic	Sudan £ ‡	1.1040
Surinam	S. Guilder	397.74
Swaziland (S)	Lilangeni	1.8500
Sweden	S. Krona	9.40¾
Switzerland	Swiss Franc	3.69
Syria	Syria £	(A) 8.72
Taiwan	New Taiwan	(P) 79.99
Tanzania (S)	Tan. Shilling	18.129
Thailand	Baht	44.90
Togo Republic	C.F.A. Franc	473.5
Tonga Islands (S)	Pa'anga	1.9671
Trinidad (S)	Trinidad & Tob. $	5.33
Tunisia	Tunisian Dinar	0.895 (Sg)
Turkey	Turkish Lira	106.53
Turks & Caicos	U.S. $	2.2220
Tuvalu	Australian $	1.9720
Uganda (S)	Uganda Shilling	16.75
United States	U.S. Dollar	2.2220
Uruguay	Uruguay Peso	(cm) 17.81 (fn) 17.88
Utd. Arab Emirates	U.A.E. Dirham	8.58
U.S.S.R.	Rouble	1.50
Upper Volta	C.F.A. Franc	473.5
Vatican	Italian Lira	1819
Venezuela	Bolivar	9.49
Vietnam	Dong	(O) 4.84 (T) 4.90 (U)
Virgin Islands U.S.	U.S. Dollar	2.2220
Western Samoa (S)	Samoan Tala	1.96006
Yemen	Ryal	9.99 (sg)
Yugoslavia	New Y Dinar	42.4370
Zaire Republic	Zaire	3.412159
Zambia	Kwacha	1.75

* That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 93.913. Based on cross rates against Russian rouble. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF. ⊕ Incentive rate.

EXCHANGE CROSS RATES

August 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.222	4.070	483.0	9.471	3.690	4.471	1819.	2.598	65.22
U.S. Dollar	0.450	1.	1.832	217.4	4.262	1.661	2.012	818.6	1.169	29.35
Deutschemark	0.246	0.546	1.	118.7	2.327	0.907	1.099	446.9	0.638	16.02
Japanese Yen 1,000	2.070	4.600	8.427	1000.	19.61	7.640	9.257	3766.	5.379	135.0
French Franc 10	1.056	2.346	4.397	510.0	10.	3.896	4.721	1921.	2.743	68.86
Swiss Franc	0.271	0.602	1.103	130.9	2.567	1.	1.212	493.0	0.704	17.67
Dutch Guilder	0.224	0.497	0.910	108.0	2.118	0.825	1.	406.8	0.581	14.59
Italian Lira 1,000	0.550	1.222	2.237	265.5	5.207	2.029	2.458	1000.	1.428	35.85
Canadian Dollar	0.385	0.855	1.567	185.9	3.646	1.420	1.721	700.2	1.	25.10
Belgian Franc 100	1.533	3.407	6.240	740.6	14.52	5.658	6.856	2789.	3.983	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 11.25-11.35 per cent; three months 11.30-11.40 per cent; six months 11.30-11.40 per cent; one year —.

Aug. 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	13⅞-14⅛	11-11¼	10½-11½	8⅜-8⅞	⅝-⅞	5⅜-5⅞	10⅜-10⅝	10-11	—	n.a.
7 days' notice	14-14¼	11⅛-11⅜	10½-11½	8⅜-8⅞	⅝-⅞	6⅛-6⅜	10⅜-10⅝	11¼-12¼	11⅛-11¼	5¼-5½
Month	14-14⅜	11¼-11½	11⅛-11⅞	8⅞-9	1⅛-1⅜	6½-6⅝	11⅛-11¾	12½-13½	11⅛-11¼	5½-5⅞
Three months	14⅛-14⅜	11⅛-11⅜	11⅛-11⅜	9⅛-9⅜	1⅝-1¾	6⅝-6¾	12-12¼	14¼-14¾	11⅛-11¼	6⅛-6⅜
Six months	14⅛-14⅜	11⅛-11⅜	11⅛-11⅜	9⅛-9⅝	2⅜-2⅛	6⅞-7	12⅛-12¾	15¼-15¾	11⅛-11¼	6⅝-6⅞
One year	13½-13⅞	11⅛-11⅜	11⅛-11⅞	9⅛-9¼	2½-2¾	6⅞-7	12⅝-12⅞	15-16½	10⅛-10⅜	6-6½

Long-term Eurodollar: two years 10⁹⁄₁₆-10¹¹⁄₁₆ per cent; three years 10⁷⁄₁₆-10⁹⁄₁₆ per cent; four years 10⁵⁄₁₆-10⁷⁄₁₆ per cent; five years 10¼-10⅜ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Paris rates steady

Money market rates were steady in Paris yesterday, with day-to-day money unchanged at 10¼ per cent. At yesterday's tender the French authorities bought first category paper at an unchanged rate of 10¼ per cent. The maturing dates for the paper were between August 24 and August 30, and on September 5. One-month deposits in the domestic franc market were unchanged at 10⅞-10¼ per cent, and three-month at 10⅝-10⅞ per cent. Six-month funds rose to 10⅞-11 per cent from 10⅝-10⅞ per cent, while 12-month were unchanged at 10¾-11 per cent.

FRANKFURT — Call money rose to 6.50-6.60 per cent from 6.40-6.50 per cent. One-month was quoted at 6.80-6.90 per cent, compared with 6.70-6.90 per cent on Friday; and three-month at 7.00-7.20 per cent, compared with 7.10-7.20 per cent. Six-month funds fell to 7.30-7.40 per cent from 7.40-7.50 per cent; and 12-month to 7.35-7.45 per cent from 7.40-7.50 per cent.

BRUSSELS — One-month money rose to 12⁷⁄₁₆-12⁹⁄₁₆ per cent from 12-12¼ per cent, and three-month to 12⁷⁄₁₆-12⁹⁄₁₆ per cent from 12-12¼ per cent. Six-month was 11⅝-11⅞ per cent, compared with 11⅝-11⅞ per cent; and 12-month 10¹³⁄₁₆-10¹⁵⁄₁₆ per cent, against 10⅝-10⅞ per cent previously.

AMSTERDAM — Call money was quoted at 8¾-9 per cent, compared with 8¾-9¼ per cent previously. One-month rose to 9⅛-9⅜ per cent from 9-9¼ per cent. Three-month was 9⅛-9⅜ per cent against 9¼-9½ per cent, with six-month unchanged at 9⅛-9⅜ per cent.

SINGAPORE—Several Singapore banks have raised their prime rates. Banca Commercial Taliana has increased its rate by ¼ per cent to 8½ per cent; Banca Negara Indonesia by ¼ per cent to 8½ per cent; Bank of New South Wales by ¼ per cent to 9 per cent; Banque de l'Indochine et de Suez by ¼ per cent to 8½ per cent; Canadian Imperial Bank of Commerce by ¼ per cent to 8¾ per cent; Chemical Bank by ¼ per cent to 8¾ per cent; European Asian Bank by ¼ per cent to 8¾ per cent; First Commercial Bank by ¼ per cent to 8½ per cent; and Lloyds Bank International by ¼ per cent to 8¾ per cent.

GOLD

Weaker trend

Gold opened at $299½-300¼, the highest level of the day, and was fixed at $299.10 in the morning, and $298.75 in the afternoon. Trading was fairly active, and the metal closed at $298¼-299, a fall of $1½ on the day.

In Paris the 12½ kilo gold bar was fixed at FFr 43,200 per kilo ($315.19 per ounce) in the afternoon, compared with FFr 43,300 ($316.00) in the morning, and FFr 43,150 ($315.03) Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 17,600 per kilo ($298.85 per ounce), compared with DM 17,590 ($298.97) previously.

	Aug. 20	Aug. 17
Gold Bullion (fine ounce)		
Close	$298¼-299 (£134.2-134.55)	$299½-300¼ (£135.0-135.4)
Opening	$299½-300¼ (£135.4-135.75)	$298-298¼ (£134.7-135)
Morning fixing	$299.10 (£135.077)	$298.70 (£134.853)
Afternoon fixing	$298.75 (£135.047)	$300.55 (£135.200)
Gold Coins, domestically		
Krugerrand	$309-311 (£139-140)	$308½-310½ (£139-140)
New Sovereigns	$77½-78½ (£34¾-35¾)	$79½-81½ (£35¾-36¾)
Old Sovereigns	$114½-115½ (£51¼-52¼)	$114-116 (£49-50)
Gold Coins, internationally		
Krugerrand	$309-311 (£138-139)	$308½-310½ (£139-140)
New Sovereigns	$77½-78½ (£34¾-35¾)	$79½-81½ (£35¾-36¾)
Old Sovereigns	$114½-116½ (£51¼-52¼)	$114-116 (£49-50)
$20 Eagles	$418-423	$410-415
$10 Eagles	$224-229	$232-237
$5 Eagles	$179-184	$175-180

UK MONEY MARKET

Exceptional assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in very short supply in the London money market yesterday, and the authorities gave exceptionally large assistance by buying a moderate amount of Treasury bills from the discount houses and banks. They also bought a small number of local authority bills from the houses, and a very large amount of eligible bank bills for resale at a fixed future date. The help was completed by lending a large amount to six or seven houses, overnight at Bank of England Minimum Lending Rate of 14 per cent.

Banks brought forward run-down balances from Friday, there was a moderate net take-up of Treasury bills to finance a small excess of revenue payments to the Exchequer over Government disbursements, and the market was also faced with the very large call on Treasury stock.

Discount houses paid 13¾-14 per cent for secured call loans throughout.

In the interbank market overnight loans touched 20 per cent, before closing at 14-14¼ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 20 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	14-20	—	—	—	14⅝	13¾-14	—	—	—
2 days notice	—	—	14⅛-14¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	14-14¼	14¼-14⅜	—	14½	14½	14	—	—	—
One month	14⅛-14⅛	14⅛-14¼	14⅛-14¼	15-14¾	14½	14⅝	13⅞	13⅞-13¾	14	14⅝
Two months	14⅛-14	14-14⅛	—	14⅝-14⅜	14½	—	13⅞	13⅞	14	14¼
Three months	14⅛-14	14-14⅛	14-14⅛	14⅛-13⅞	14⅝	14½	13⅝	13⅞-13⅞	13¾	14
Six months	13⅞-13⅝	13⅞-13⅝	13⅝-13¾	13⅝-13	13¾	—	—	—	12⅞	13¾
Nine months	12⅞-12⅞	12⅞-12⅞	—	13-12⅝	13¼	—	—	—	—	—
One year	12⅞-12⅞	12½-12⅞	12⅞	12⅝-12⅜	13	—	—	—	—	—
Two years	—	—	12⅞	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 12¾-13 per cent; four years 12¾-13 per cent; five years 12¾-13 per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅝ per cent; four-month trade bills 14 per cent.

Approximate selling rate for one-month Treasury bills 13⅞ per cent; two month 13⅝ per cent; three-month 13⅝ per cent. Approximate rates for one-month banks bills 13⅞ per cent; two-month 13⅞ per cent; and three-month 13⅝ per cent; one month trade bills 14¼ per cent; two-month 14⅛ per cent; and three-month 13⅞ per cent.

Finance House Base Rates (published by the Finance Houses Association) 14 per cent from August 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.2976 per cent.

MONEY RATES

NEW YORK	
Prime Rate	12
Fed Funds	11.25
Treasury Bills (13-week)	9.57
Treasury Bills (26-week)	9.47
GERMANY	
Discount Rate	5
Overnight Rate	6.55
One month	6.85
Three months	7.10
Six months	7.35
FRANCE	
Discount Rate	9.5
Overnight Rate	10.5
One month	10.625
Three months	10.8125
Six months	10.8375
JAPAN	
Discount Rate	5.25
Call (Unconditional)	6.8675
Bills Discount (three-month)	7

NORTH AMERICAN NEWS

Omark Industries growth slows in fourth quarter

BY OUF FINANCIAL STAFF

NET EARNINGS rose by one third last year at Omark Industries, the power cutting chain manufacturer, although there were indications of a slow down in the final quarter. Earnings for the full year put on 33 per cent to $20.8m, with share earnings at $5.94 against $4.10 in 1978. Sales gained 21 per cent to $205.5m.

But in the final quarter, earnings added only 13 per cent to $4.5m, with the share total at $1.29 compared with $1.47. At $47.4m, sales were 4.2 per cent higher.

Profits have been rising sharply in the past few years, partly because of increasing sales volume and partly because of a favourable profits mix.

Better profit margins have also helped, notably those from the chain-making operations which last year returned 68 per cent of total earnings on 46 per cent of sales. Other major business areas include sporting ammunition with 20 per cent of sales and 15 per cent of profits, loaders with 16 per cent of sales and 12 per cent of profits, and fasteners with 18 per cent of sales and 5 per cent of profits.

Meanwhile the group has set up a management team for the new cutting tool division. But, reflecting start-up costs and other expenses, this division is not thought likely to become profitable until the mid 1980s.

Automatic Data makes progress

NEW YORK—Automatic Data Processing expects to report a 20 per cent rise in net income for fiscal 1979, according to Mr. Frank R. Lautenberg, chairman of the computing services group, while earnings for fiscal 1980 are expected to advance about 15 per cent.

Net income for 1979 should reach about $33m or $2.21 a share, compared with $27.4m or $1.84 a share for the previous year, the executive said. These results would be in line with the $2.20 a share estimate for fiscal 1979 that Mr. Lautenberg made last February.

Automatic Data expects to report a revenue of $371m for 1979, up 24 per cent from $299.3m for 1978, Mr. Lautenberg added.

The company's 1979 estimate indicates that fourth-quarter revenues advanced by 21 per cent, from $40.5m to $58m. It also indicates that fourth-quarter earnings rose to $9.4m or 64 cents a share from $7.9m or 53 cents a share a year earlier.

The company's biggest operating division, commercial services, showed the strongest gains in fiscal 1979, though the other groups also performed strongly. The commercial services group provides payroll processing and other basic services.

The biggest factor behind the gains in revenue was the addition of new customers, Mr. Lautenberg said. The company currently serves about 75,000 clients, up about 40 per cent from a year ago. The typical client is a small company with about 70 employees.

AP-DJ

Research Cottrell acquisition

By Our Financial Staff

RESEARCH - COTTRELL, a Somerville, New Jersey-based manufacturer of pollution control equipment, is to enter the electric power energy conversion field. The company has reached agreement to buy an interest in Altran Electronics, a private company with a pattern system for limiting and managing electric utility peak loads.

The agreement provides for Research-Cottrell to acquire an initial 25 per cent stake in Altran, which is based in Harbor City, California. Research-Cottrell also has an option to buy all of the equity interest in Altran over a five-year period. The purchase price of the deal was not disclosed.

For the third quarter ended on July 31, Research-Cottrell turned in a 4.8 per cent increase in net income from $2.29m or 53 cents a share to $2.39m or 55 cents. Sales rose by 25.8 per cent to $77.6m.

For the nine months, net income was off 32.5 per cent at $4.28m or 98 cents a share, from sales 10 per cent higher at $196.8m.

Texas Utilities below forecast

BY OUF FINANCIAL STAFF

NET INCOME at Texas Utilities Company for the first half of 1979 is running slightly below forecast, but the prediction by Wall Street analysts of earnings of $2.70 a share at the year-end seems safe enough, in view of the rate increase decisions pending for both Texas Electric and Dallas Power.

Texas Utilities, which serves an extensive and expanding area in central and eastern Texas, reported a 13.8 per cent increase in net earnings to $217.2m for the year to July 31, with share earnings at $2.61 against $2.49. Sales, at $1.70bn, show an 11.8 per cent gain.

This suggests a slight slowdown from the 12 months to May 31, when sales were 16 per cent up and operating income 20 per cent higher.

A similar reduction in the pace of growth is indicated by the results for the three months to July 31, which show increases of 12.5 per cent to $58.3m in earnings and 6.8 per cent to $47.1m in sales.

But the predictions of earnings growth for 1979 were based upon greater kWH sales and also upon the expectation of higher rates. Of the major operating subsidiaries, Texas Electric filed for a $88m rate increase in May, and Dallas Power sought one of $57m in April.

A growth rate of about 4.4 per cent in sales of electric kWH until 1981 has already been forecast by the company. To meet future needs, construction costs of $2.1bn between 1979-81 are estimated.

The company's plants are at present largely gas-fired (58 per cent), with lignite fueling 41 per cent, and oil 1 per cent. It is intended to integrate coal and nuclear stations into the company's production system.

About 40 per cent of revenues comes from residential customers, with commercial users representing 27 per cent, industrial 27 per cent, and others 1 per cent. Some 99 per cent of kWH sales are protected against rising fuel prices by adjustment clauses.

Sharp increase at Wal-Mart

By Our Financial Staff

DISCOUNT STORES concern Wal-Mart Stores recorded net income for the second quarter of $8.41m compared with $6.19m, on sales ahead sharply from $204.1m to $291.7m. Per share earnings rose from 41 cents to 55 cents.

At the halfway stage, Wal-Mart had net income of $15.57m or $1.02 a share against $11.29m or 74 cents. Sales for the six months advanced from $371.4m to $530.3m.

Johnson Controls sees upturn

NEW YORK—Johnson Controls' battery business problems are easing, and the company's earnings should start to rebound after the slump in the third quarter ended June 30, according to Mr. Fred L. Brengel, the president and chief executive.

Johnson Controls doubled its size last October by acquiring Globe-Union, a major maker of automobile batteries, but the battery business has taken a turn for the worse this summer.

For one thing, the price of the lead used to make car batteries nearly doubled to about 60 cents a pound, Mr. Breugel said. Also workers at six battery plants went on strike.

Now, however, the price of lead has dropped slightly and the strikes are settled at all but one of the six plants.

As a result, net income for the fourth quarter ending September 30 should be "about even" with the 87 cents a share that the company earned in the comparable quarter a year ago on a proforma basis, Mr. Brengel said. Proforma figures include Globe-Union's results as if Johnson had already acquired the company.

For the fiscal third quarter ended June 30, Johnson reported net income of $5.3m or 38 cents a share on sales of $222.6m, including Globe-Union's results. Earnings per share were down nearly 30 per cent on both a proforma and an actual basis.

AP-DJ

Fuqua drops bid for Hoover stake

Fuqua Industries is ending its efforts to buy about 40 per cent of Hoover stock owned by members of the Hoover family, AP-DJ reports from Atlanta. Fuqua said the purchase would have been the first step towards a merger of Hoover into Fuqua. In May Fuqua offered $22 a share for the stock. Mr. J. B. Fuqua, chairman, said Hoover is no longer a logical buy at $22. Also he thought it could be as long as a year before all litigation regarding the offer was resolved.

RESULTS IN BRIEF

Chicago Bridge down half time

NEW YORK—The Illinois-based Chicago Bridge and Iron Company, which manufactures steel plate structures, experienced a slight downturn in both sales and net income for the second quarter of the current financial year. Net income fell from $12.83m or $1.34 a share to $11.04m or $1.21, on sales down from $135.8m to $128m.

For the first half, Chicago Bridge turned in net income of $21.4m or $2.32 a share compared with $23.05m or $2.41 last time. Sales for the six months rose from $236.7m to $238.4m.

The order backlog at the half-way stage was $1.69bn compared with $1.46bn last year.

The New Jersey based publisher Prentice-Hall had net income for the second quarter of the current financial year of $4.35m, against $4.4m last time. For the first half, net incom was $7.2m compared with $7.12m.

The Delaware-based consumer credit concern Beneficial Corporation jumped in the second quarter from $21.2m to $39.7m. For the first half, per share earnings were ahead from $2.09 to $2.70.

Ward Foods, of Des Plaines, Illinois, had net income for the second quarter of $1.44m compared with income from continuing operation last time of $1.27m. Earnings per share came out at 36 cents against 31 cents. Sales for the quarter fell from $99.7m to $87.4m.

For the first half, increases in per share earnings were reported by Thomsen Newspapers, up from 51 cents to 59 cents, Northern Natural Gas, ahead from $3.72 to $4.82, Handy and Harman, gold and silver alloys, up from 97 cents to $1.05, Sonesta International, hotel management, which jumped from 64 cents to $2.41, and NLT Corporation, the insurance holding company, ahead from $1.61 to $1.81.

The cargo container rental concern Sea Containers recorded a downturn from $1.96 a share to $1.88 for the first half.

For the full year, Digital Equipment, the computers company, moved ahead from $3.40 to $4.10, while the Canadian-based international food retailer George Weston advanced from $1.48 to $2.01.

Agencies

EUROBONDS

Quiet day in dollar sector

BY JOHN EVANS

THE EURODOLLAR bond market continued to drift yesterday in trading depressed by higher short-term U.S. interest rates and seasonally subdued conditions.

According to market participants, one of the market's major clearing systems, Euroclear, is now setting a rate of 11¾ per cent for overdraft facilities, up from 11-11½ per cent in recent weeks.

The cost of carrying inventories of dollar bonds, at the current negative rates when most paper yields around 10 per cent, is currently becoming a major market talking-point.

But rumours of exceptional distress selling among certain investment banks were not taken seriously by most participants.

There have been few signs of serious liquidation in recent days, although it is acknowledged that a growing number of banks are moving towards a reduced inventory of bonds because of the current uncertain outlook.

One source of demand which has been building up has originated among sinking funds, which have been active at some of the deep discounts available on a wide variety of stocks, dealers said.

Elsewhere, Deutsche-Mark foreign bonds saw little activity ahead of the new monthly calendar due to be set by the Capital Markets Sub-Committee.

Bank Handlowy of Poland, which is currently arranging a floating rate note in Swiss francs, earlier privately placed an issue for SwFr 41m with a maturity of five years, a coupon of 4¾ per cent and an issue price of par. Lead managers were Trade Development Bank and Soditic.

Chase Manhattan Bank is organising a consortium to offer a $328m 12-year Eurodollar loan to Taiwan, according to the director of the monetary department, Mr. Richard Chi, Agencies report from Taipei.

PAPUA, NEW GUINEA

Steady progress to financial maturity

BY PHILIP BOWRING IN HONG KONG

THE FINANCIAL maturity of Papua New Guinea continues apace. It has recently signed its second loan — for $35m — with a group of foreign bankers and, in the words of Finance Minister Mr. Barry Holloway, the country intends to become a regular but modest borrower on the world's commercial paper markets.

Papua New Guinea does not have any particular need for the money at this time as its budget and foreign exchange revenues are being boosted by good prices for almost all its export commodities — coffee, copper, timber, gold, cocoa and palm oil. The nation is running a substantial balance of payments surplus and foreign exchange reserves now total 330m kina ($470m), equivalent to eight months' imports payments. But it wants to establish itself as a name in the market, and to prepare for the time when it may be more in need of commercial loans.

For the medium term, the country sees its gross commercial borrowing requirement as not more than $50m a year. However, it seems likely that such borrowings will become a factor in Government budgeting as the nation strives to reduce its dependence on Australian grant aid.

This year, Australia is meeting about 30 per cent of a total budget of around 500m kina. This is half the 60 per cent Australian funding rate at the time of becoming self-governing in 1972. It is intended to reduce the aid level by an annual rate of at least 2 per cent of the Budget. To achieve that goal, budget outlays are aimed to be held to an increase in real terms of only 3 per cent a year, little more than the population growth rate, and less than the 5 per cent expected growth in the gross national product.

If commodity prices are favourable or new projects, such as the OK Tedi copper and gold project, now expected to be operational by 1985, come on stream, the rate of reduction of dependence will be speeded up.

Meanwhile, borrowings from commercial banks and international institutions are regarded as more politically acceptable than reliance on Australian grants—though they are more expensive. At present Papua is getting about $50m a year from sources such as the World Bank, and Asian Development Bank, as well as funds from Japan, Germany, Kuwait, and elsewhere.

At present commercial borrowing and non-Australian aid account for about 20 per cent of the budget, and internal revenue for 50 per cent. The main constraint on project borrowing is lack of implementation capacity for projects. The debt service ratio is around 5 per cent and is not expected to rise significantly on its borrowings.

Cautious policies

Whatever the figures, Papua seems determined to continue to follow the same cautious, hard currency policies it has pursued since independence. The kina has appreciated by nearly 25 per cent against the Australian dollar since the tie between the two was ended in 1976 and is now linked to an import weighted currency basket. The combination of hard currency, and restrictive fiscal and monetary policies at home, which have largely offset growing foreign exchange income, have kept inflation in the 4-6 per cent range in recent years.

However, the Government now fears that Papua's inflation may be boosted by external developments, particularly food and fuel price rises. To offset this, it is possible that the kina basket may be altered in such a way as effectively to allow the currency to be upvalued.

However, Papua does need to encourage import substitution, with 70 per cent of each additional kina earned being spent on imports. This is partly because of the absence of local manufacturing industries. But also, too, it reflects a preference for imported foodstuffs, which the Government would like to reverse.

Meanwhile, if commodity prices move against it, Papua (population 3m) has the cushion of reserve and stabilisation funds built up in recent times. The coffee fund alone contains some $170m.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on August 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	50	97⅜	98⅛	−0⅛	−0⅛	10.32
Alex Howden XW 9¼ 91	30	81	81½	+0⅛	+0⅛	12.83
Australian Res. 9⅝ 84	30	97⅜	98⅛	+0⅛	−0⅛	10.19
Avco O.S Cap 10⅝ 87	40	96¼	96¾	−0⅛	−0⅛	10.92
Bayer Int. F. XW 7¼ 89	200	83½	83⅞	−0⅛	−0⅛	10.04
Beneficial Fin. 9⅝ 87	100	97⅜	98⅛	0	−0⅛	10.12
CECA 9⅝ 24.89	50	93⅞	94⅜	+0⅛	−0⅛	10.07
CECA 10⅝ 91	150	97⅜	98⅛	0	−0⅛	11.07
CECA 9¾ 99	125	†97¼	97¾	—	—	10.29
Canadian Pacific 9⅝ 89	50	97⅜	97⅞	−0⅛	−0⅛	10.09
Carter Hawley 9⅝ 88	50	96⅝	97⅛	−0⅛	−0⅛	10.40
Comalco Inv. E. 10¼ 91	40	99½	99¾	−0⅛	−0⅛	10.34
Continental Grp. 9⅝ 88	100	97¼	98⅛	+0⅛	+0⅛	10.03
Come Petroleum 10 94	50	96⅜	96⅞	−0⅛	−0⅛	10.56
Dominion Bridge 10¼ 84	30	99½	100	0	0	10.30
Dow Chem. O/S 9⅝ 94	200	97⅜	97⅞	0	+0⅛	9.93
EIB 9⅞ 86	150	99	99½	−0⅛	−0⅛	10.02
EIB 9⅞ 99	100	99¼	100¼	−0⅛	0	10.12
EIB 9⅝ 87	150	100¼	100¾	−0⅛	0	10.02
EIB 10 99	150	100¼	100¾	−0⅛	−0⅛	10.18
Export Dv. Con. 9.85 84	150	100⅜	100⅞	−0⅛	0	9.84
Export Dv. Con. 9¾ 84	100	96¾	97¼	0	−0⅛	10.08
Finland 9½ 86	100	97¼	97¾	−0⅛	−0⅛	10.01
Finland 9¾ 89	100	98⅝	99⅛	+0½	+0⅝	10.04
GTE Finance 9½ 84	50	97½	98	0	−0⅛	10.11
GTE Finance 9¾ 89	85	96⅛	96⅝	−0⅛	−0⅛	10.43
General Motors 9¼ 86	100	97⅛	97⅝	−0⅛	−0⅛	9.76
Gould Int. Fin. 9½ 85	50	97¼	98¼	−0⅛	−0⅛	10.21
Hoechst Fin. XW 6⅝ 89	125	79	79½	0	−0⅛	10.37
Hudson Bay Co. 10 94	50	98⅛	98⅝	−0⅛	−0⅛	10.17
ITT Antilles 9½ 89	75	95¾	96¼	0	−0⅛	10.15
Kennecott Int. 9½ 86	100	95¼	95¾	−0⅛	−0⅛	10.67
Manitoba 9⅞ 89	75	96½	97	−0⅛	−0⅛	10.03
Nat. Des Telecm. 9½ 86	100	97¾	98¼	0	−0⅛	9.90
New Brunswick 9¾ 94	75	95¾	96¼	−0⅛	−0⅛	10.28
Newfoundland 10 94	60	98¼	98¾	−0⅛	−0⅛	10.14
Norsk Hydro 9¾ 94	50	94¼	94¾	+0⅛	−0⅛	9.97
Norway 9¾ 84	150	99⅝	100⅛	−0⅛	−0⅛	10.02
Norway 9½ 84	150	98	98½	−0⅛	−0⅛	9.98
Nova Scotia Pwr. 9⅝ 89	50	97⅛	97⅝	0	−0⅛	10.17
Occidental Fin. 10¼ 84	50	99¼	99¾	+0⅛	−0⅛	10.36
Orient Leasing 9½ 86	25	†95	95½	−0⅛	−0⅛	10.49
Pennwalt O/S F. 9¾ 84	25	98¼	98¾	+0⅛	0	10.14
Pepsico Cap. 9¼ 84	100	97⅜	98⅛	0	−0⅛	9.75
Portland 10 84	–	†97¾	98¼	+0⅛	+0⅛	10.54
Quebec Hydro 10 99	75	95¼	95¾	−0⅛	−0⅛	10.55
Redland Fin. XW 9½ 91	25	†90½	91	−0⅛	−0⅛	10.93
Sears Roebuck 9 82	150	97¾	98¼	0	−0⅛	9.90
Statoil 9¾ 99	100	97	97½	0	−0⅛	10.07
Stockholm 9⅝ 94	50	99⅛	99⅝	0	+0⅛	10.07
Sweden 9½ 89	100	98⅛	98⅝	−0⅛	−0⅛	10.00
Sweden 9¼ 86	–	98½	99	−0⅛	−0⅛	9.59
Sweden 9¾ 84	100	98⅞	99⅜	—	—	9.98
Unilever NV 9¼ 87	100	95	95½	−0⅛	−0⅛	9.95
Warner-Lambert 8 84	100	96⅝	97⅛	−0⅛	−0⅛	9.87

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7¼ 89	150	95½	96	−0⅛	−0⅛	8.14
Asian Dev. Bk. 7¼ 89	100	98⅝	99⅛	—	—	7.41
Banco Desarrollo 7¼ 86	100	94¼	94⅞	−0⅛	−0⅛	8.24
Barclays O'seas 6¾ 89	100	98¾	99¼	+0⅛	−0⅛	6.89
Brazil 7¼ 87	150	97⅛	98⅛	+0⅛	+0⅛	7.80
Brazil 8 87	150	100	100½	−0⅛	−1⅛	7.95
CECA 7 91	150	98¼	98¾	+0⅛	−0⅛	7.19
Council of Eur. 7¼ 89	100	99½	100	0	0	7.30
Denmark 5¾ 85	100	94¾	95¼	+0⅛	+0⅛	6.87
Denmark 6½ 89	100	94¾	95¼	+0⅛	−0⅛	7.28
EIB 6¾ 91	200	94¾	95¼	0	0	7.13
[illegible]	200	100⅞	101⅜	−0⅛	−0⅛	7.31
Eletrobras-Brazil 7 87	100	94⅞	95⅜	−2⅛	−2⅛	7.88
Eurofima 6¾ 89	100	98¾	99¼	+0⅛	+0⅛	6.64
Finland 6 83	150	99⅛	99⅝	−0⅛	−0⅛	6.26
Mitsubishi Chem. 6½ 84	70	100¼	101¼	−0⅛	−0⅛	6.30
New Zealand 6¾ 87	200	98	98½	0	−0⅛	6.53
Nippon Kokan 6½ 84	100	98⅛	99⅛	−0⅛	−0⅛	6.81
Nippon Tel. & T. 6½ 87	100	93½	93⅞	−0⅛	0	6.60
Nordic Inv. Bk. 6¾ 86	60	95¾	96¼	−0⅛	−0⅛	7.04
Norges Komm. 7¾ 91	150	103	103½	−0⅛	−1⅛	7.33
Norway 6¾ 84	200	99⅝	100⅛	−0⅛	−1	6.24
Occidental 6¾ 90	150	93⅞	94⅜	−0⅛	−0⅛	7.53
OKB 6½ 88	100	97¼	98	+0⅛	+0⅛	6.85
OKB 6 87	40	94	95	0	−0⅛	6.56
Tokyo Elec. Pwr. 6⅞ 85	300	98⅛	99	−0⅛	−0⅛	6.79
World Bank 6¾ 83	400	93¼	93¾	0	−0⅛	7.23
World Bank 7¾ 91	400	101⅛	101⅝	−0⅛	−0⅛	7.53

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	100¼	100⅞	−0⅛	−0⅛	5.40
Asian Dev. Bank 3½ 94	100	84½	85	0	−0⅛	4.99
Aumar 5 89	60	101½	102	0	−0⅛	4.76
Austria 3½ 93	100	90½	90¾	+0⅛	0	4.43
Australia 3¾ 89	250	85⅛	85⅝	−0⅛	−0⅛	4.18
Bergen, City of 4¾ 91	40	102⅜	102⅞	+0⅛	+0⅛	4.47
BNDE 5 89	75	95	95½	0	−0⅛	5.65
Brazil 4¾ 88	100	95	95½	−0⅛	−0⅛	4.90
Canada 3¾ 89	300	96⅜	96⅞	0	0	4.04
Council of Eur. 4¼ 90	100	100	100½	0	+0⅛	4.23
EIB 4½ 91	100	100½	100¾	0	+0⅛	4.45
Elec de France 4½ 89	100	†100½	100¾	—	—	4.30
Heron 4¾ 99	35	95⅛	95⅝	0	0	4.87
ICI Fin. NV 3¾ 94	230	88⅞	89¼	+0½	−0⅛	4.55
New Zealand 3¾ 94	120	89½	90	+0⅛	−0⅛	4.49
Nordic Bank 5 89	45	103⅛	103⅜	−0⅛	0	4.66
OKB 3¾ 91	100	†91	91½	0	0	4.75
Pfand Ost. Lande 4 90	80	94⅞	95⅜	+0½	−0⅛	4.60
Philippines 4¾ 89	50	96½	97	0	0	5.19
Spain 4 91	100	93½	94	−0⅛	−0½	4.71
Steweag 4¾ 91	60	102½	102⅞	0	−0⅛	4.48
Voest-Alpine 4¾ 89	90	103	103½	0	−0⅛	4.35
World Bank 4⅜ 89	100	103½	103¾	+0⅛	+0⅛	4.17

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	94⅝	95⅛	−0⅛	−0⅛	7.09
Australia 6⅞ 83	20	95⅜	91⅞	−0⅛	−0⅛	8.04
EIB 7¾ 89	12	96⅞	98⅞	—	—	7.37
Finland 5.6 83	10	93	93½	−0⅛	−0⅛	7.65
Finland 6.8 89	10	90⅜	91⅛	0	−0⅛	8.38

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	96¾	97¼	+0⅛	+0⅛	9.78
Avco Fin. 10¼ 85 C$	25	95¾	96¼	0	−0⅛	11.21
Ex. Dev. Cpn. 10 84 C$	50	98¼	98¾	−0⅛	−0⅛	10.43
Fst. Can. Inv. 10 84 C$	50	96¾	97¼	0	−0⅛	10.87
Hudson Bay 10½ 89 C$	50	98½	99	−0⅛	−0⅛	10.69
Quebec 10¼ 86 C$	50	96¾	97¼	+0⅛	+0⅛	10.88
R. Bk. Canada 10 86 C$	40	98½	99	0	−0⅛	10.25
R. Bk. Canada 10 84 C$	40	94½	95	−0⅛	−0⅛	10.71
Copenhagen 8¾ 91 EUA	25	97¼	98¼	0	−0⅛	8.46
Komm. Inst. 7¾ 93 EUA	15	93¾	94¼	+0⅛	0	8.20
SDR France 8½ 94 EUA	25	98¾	99¼	+0⅛	+0⅛	8.59
SOFTE 8¾ 89 EUA	40	94¾	95	+0⅛	−0⅛	8.97
Algemene Bk. 6½ 83 Fl	75	92½	93	−0⅛	+0⅛	8.88
CFE Mexico 7¼ 83 Fl	75	†96¾	97¼	+0⅛	+0⅛	8.64
EIB 7¾ 85 Fl	75	93	93½	−0⅛	−0⅛	8.71
Ned. Middbk. 8¼ 84 Fl	75	100⅞	101⅜	−0⅛	+0⅛	7.93
New Zealand 8¾ 84 Fl	75	93¾	94¼	−0⅛	+0⅛	8.29
Norway 8¾ 84 Fl	100	100	100½	−0⅛	+0⅛	8.16
Elf Aquitaine 9¾ 88 FFr	150	91	92	0	0	11.26
Euratom 9¾ 87 FFr	150	92⅞	93⅜	0	+0⅛	11.20
Norway 9¾ 84 FFr	200	93¾	94¼	+0⅛	+0⅛	10.84
PSA Peugeot 9¾ 87	175	91½	92½	0	−0⅛	11.46
Renault 9¾ 85 FFr	100	93¾	94¼	+0⅛	0	11.25
Saint-Gobain 9¾ 86 FFr	130	91½	92½	−0⅛	0	11.50
Solvay et Cie 9¾ 87 FFr	125	91½	92½	+0⅛	+0⅛	11.32
Total Oil 9¾ 87 FFr	150	89½	90½	0	0	11.39
Citicorp 10 93 £	20	90⅛	90⅞	−0⅛	−0⅛	11.37
EIB 9¾ 88 £	25	90⅞	91⅜	−0⅛	+0⅛	11.44
EIB 11½ 91 £	25	95⅞	96⅜	−0⅛	+0⅛	12.12
Finance for Ind. 13 91 £	15	102½	103	−0⅛	−0⅛	12.61
Fin. for Ind. 12½ 89 £	30	100¾	101¼	0	+0⅛	12.30
Gen. Elec. Co. 12¼ 89 £	50	101⅛	101⅝	−0⅛	0	12.22
Indonesia 8¾ 91 KD	7	†97¾	98¼	0	−0⅛	9.03
Mitsubishi 7½ 84 KD	10	†97¼	97¾	−0⅛	−0⅛	8.10
Norges Kom. 7¾ 89 KD	12	†96½	97	0	−0⅛	7.98
Occidental 8¾ 91 KD	7	†97¾	98¼	+2	+1⅛	8.50
Euratom 8 87 LuxFr	500	96¾	97¾	0	+1⅛	8.61
Norges Kom. 8 86 LuxFr	500	95⅞	96⅞	0	+0⅛	8.73
Oslo, City of 8 89 LuxFr	500	97¼	98¼	+0⅛	+0⅛	8.34
Solvay Fin. 8 85 LuxFr	500	96¾	97¾	0	0	8.69

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BEG Fin. Co. 6½ 89	0½	98½	99	11/1	11	11.14
BNDE 6 89	0⅜	95¾	96¼	21/9	11⅞	11.63
Banco di Roma Int. 6 87	0¾	98½	99	26/10	11.19	11.33
Bco. Nac. Argent. 7 86	0¾	97¾	98¼	22/9	11½	11.75
Banco Prov. BA 7¼ 85	0¾	98¾	96⅞	12/8	11	11.15
Banco Urquijo 6 86	0¾	97⅞	98⅜	21/9	11½	11.72
Bank of Tokyo 5½ 83	0⅜	98⅞	99⅜	18/10	11¾	11.88
Bq. Ext. d'Alg. 7½ 85	0⅞	95¼	95¾	2/11	11⅞	12.42
Bque. Indo Suez 5½ 89	0¼	98½	99	11/1	11	11.14
Banque Sudameris 6 87	0¾	97¼	97¾	11/1	11¼	11.41
BNP 5½ 91	0¼	98⅞	99⅜	22/2	11¼	11.48
Citicorp O/S Fin. 6 94	†0¼	99¾	100¼	8/9	10.69	10.70
Citicorp O/S 83	†0	99	99½	23/2	—	—
Creditanstalt 5½ 91	†0¼	98½	99	14/8	10⅞	11.01
GZB 5½ 89	†0¼	98½	99	1/11	11.44	11.58
Gotabanken 6 88	0¼	98½	99½	16/5	11½	11.63
Ind. Bk. Japan 5½ 85	0¼	99¼	99¾	7/12	10.94	10.98
Jugobanka 8 88	0⅞	†95½	96½	23/11	11⅞	12.37
LTCB Japan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB Japan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mfrs. Han. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nacional Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Petro Mexicano [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Privredna Banka [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Bank Scot. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sogenal [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Int. Airways 7 86	†0¼	95¾	96¾	11/10	11.56	11.98
Trade Dv. Fin. Srv. 6 88	—	—	—	—	—	—
TVO Pwr. 8 91 (D-lock)	0⅛	97¾	98¼	24/11	11½	11.35
Utd. Overseas Bk. 6 89	†0¼	97¾	98¼	29/9	11.14	11.38
Bq. E. d'Alg. 4¼ 89 SF	0¾	96½	97¼	18/12	4¼	4.38

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7¾ 89	10/79	145	95	95½	−0½	16.19
Ciba-Geigy O/S F. 4 94	9/79	675	†86½	87	+0⅛	3.01
Credit Suisse 4¾ 93	10/79	1325	108¾	109¾	+0⅛	4.90
Esselte 7¾ 89	9/79	158	98¾	99¾	+0⅛	−6.55
Honda Motor 5½ 89	6/79	532	100	100½	−1	−0.76
EPC International 8 88	9/79	35	†103	103½	+0½	13.82
Nitto Elec. Ind. 6 94	7/79	735	88	88½	+0¾	4.30
Union Bank Switz. 5 89	2/80	1250	108½	109½	+0¼	−31.28
Fujitsu 5 94 DM	7/79	475	103½	104½	+0¼	18.53
Kansai Elec. 4 84 DM	4/79	1350	88¾	89¾	+0⅛	51.32
Marudai Food 3½ DM	2/79	1033	82⅞	83½	−1	47.40
Nippon Yen 3½ 85 DM	1/79	251	111½	112½	+0¾	−2.26
Sharp Cpn. 3½ 88 DM	2/79	487	91½	92½	+0½	10.38
Tokyo Elec. 3½ 87 DM	4/79	476	94	95	+0½	46.35
Tokyu Ld. Cp. 4 88 DM	4/79	493	84	85	+0⅛	27.20

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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THE STRUGGLE FOR CONTROL OF ANSETT

Sir Reginald negotiates a ceasefire

BY JAMES FORTH IN SYDNEY

ANSETT TRANSPORT Industries and Ampol Petroleum have agreed to call a halt to their share market battle which has already resulted in the two pumping more than A$20m into acquiring shares in each other.

Ampol triggered off the duel by purchasing a 20 per cent stake in Ansett, on and off the market. It was generally expected that Ampol would co-operate with another large Ansett shareholder, Thomas Nationwide Transport, to exercise control of the airline, hotel and transport group. But Ansett thwarted this possibility by launching a heavy counter-buying operation in Ampol and quickly built up a 20 per cent shareholding.

However, yesterday the managing director of Ansett, Sir Reginald Ansett, and the managing director of Ampol, Mr. A. E. Harris, met in Melbourne in an attempt to solve the impasse. A short statement from Ansett after the meeting said that Sir Reginald and Mr. Harris had reached agreement "to the mutual benefit and interest" of both companies. The agreement covers undertakings not to buy, either directly or indirectly, any further shares in one another.

The two companies have also agreed "not to exercise their respective shareholdings in a way which would be detrimental to the other." The statement did not spell out any details of what either party would consider behaviour detrimental to its interests. It said that formal agreements were in the course of being prepared.

The affair is reminiscent of the struggle between Ansett and TNT in 1972 after the latter had made an unsuccessful bid for Ansett. TNT, which ended up with 23.9 per cent of Ansett, entered into an agreement under which it would limit its Ansett holding to 23.9 per cent, limit its voting rights to 10 per cent, and not sell any Ansett shares until Ansett had first been given the right to seek buyers.

If Ampol has agreed to similar restrictions it would mean that Ansett has first say over the destination of at least 35 per cent of its capital (TNT currently has about 15 per cent of Ansett). Moreover, Sir Reginald and "friends" own another 10 per cent, which could be enough to head off any future takeover moves.

If Ampol has not agreed to the same restrictions, particularly on offering Ansett first right of refusal, the petroleum group could be free to sell its holding to another party, and thus transfer control.

Still sitting in the wings is the Western Australian company, Bell group, headed by Perth businessman Mr. Robert Holmes a Court, which recently bought 12.5 per cent of Ansett. Mr. Holmes a Court has previously stated that Bell group intends to resume buying if the price of Ansett shares again drops below A$1.40.

Meanwhile, there was again heavy trading in Ampol shares yesterday despite the truce. A total of 5.8m shares, or about 4 per cent of the capital, was traded yesterday, with the price closing steady at 90 cents. The predominant buyers were J. B. Were, Ampol's broker, which has reportedly been buying for "friends" of Ampol, and another broker, Ord Minnett, which first entered the Ampol market last Friday.

It is not clear whether Ord is also acting for Ampol "friends" or a third party. Ord also traded 1.6m of the 1.8m Ansett shares which changed hands yesterday, closing in Sydney at A$1.58.

Danish bank lifts surplus

By Hilary Barnes in Copenhagen

COPENHAGEN Handelsbank's first-half operating profits increased by Kr 21.4m to Kr 244.9m ($57.9m), the bank reports. Activities in all sections have grown strongly and first-half earnings were described as satisfactory.

Results for the year as a whole will probably be "better" than in 1978 despite continued rising costs, higher depreciation and larger transfers to reserves, said the bank.

At the same time, Provinsbanken report first-half operating profits down from Kr 98.1m to Kr 76.5m ($18.1m). The main reason for the difference was the change in investment policy from long-dated paper to short-dated paper, which means lower interest revenues at present but a larger capital gain to come, said the bank.

● Sophus Berendsen group, of which the British Rentokil company is a part, reported that first-half pre-tax earnings rose to Kr 69.9m ($16.5m), compared with Kr 54.4m in the same period last year. The company said the 25 per cent increase in earnings was expected to hold good for the year.

The company also announced that its share in Rentokil has increased to 55.5 per cent of the share capital, and is now given a market value of Kr 621m, compared with Kr 373m at the end of 1978.

Guthrie Bhd in Malaysian joint venture

By Wong Sulong in Kuala Lumpur

GUTHRIE Berhad has announced a joint venture with Malaysian interests to take over the distribution of its fertiliser business to conform with the Government's new economic policy. A new company, Pelading Kimia, has been formed with Guthrie Berhad and the Malaysia Multi-Purpose Cooperative Society holding equal shares. It is intended to sell 30 per cent of the equity to Bumiputra (Malay) interests at a later stage.

Guthrie is following the example of Shell, which recently announced that it had taken two Malay partners in Tiram Kimia, which is handling the distribution of its chemical and fertiliser products.

Elsewhere in Malaysia the refrigerator and air-conditioner manufacturer, Electrical and Allied Industries, has recovered from the fire which gutted large parts of its plant a year and a half ago, and reported that profits for the year ended March had risen by 73 per cent to 1.95m ringgit (US$0.9m). Sales rose by a similar percentage to reach 17m ringgit.

The company has declared a tax free dividend of 12.5 per cent, against last year's 10 per cent, and has proposed a scrip issue of one-for-two, raising the paid up capital to just over 3m ringgit. Management is optimistic about future prospects, but cautioned that the market, particularly for refrigerators, is becoming increasingly competitive.

AUSTRIAN TYRE INDUSTRY

Public relations flourish by new broom at Semperit

BY PAUL LENDVAI IN VIENNA

CAN ONE of Austria's ablest young businessmen, Dr. Franz Leibenfrost, save Semperit, the tyre and rubber concern, badly hit by mounting losses which last year alone reached Sch 615m ($47m)? This is the question being asked by the 8,600-strong labour force employed by the country's second largest non-nationalised company.

Since the break-up in January this year of the Swiss holding company, Semkler, set up in 1973 to link Semperit with the French group, Kleber-Colombes, the future of the Austrian tyremaker has become the subject of intense speculation. But the appointment of Dr. Leibenfrost, at 41 a household name in the small world of Austrian industry, is a signal that Semperit's principal shareholder, Creditanstalt Bankverein, has at last decided to launch a rescue operation.

Dr. Franz Leibenfrost

The Austrian company needs an infusion of both talent and new capital. Semperit's troubles are due to a combination of factors. In addition to the general depression of the European tyre market, the Austrian tyremaker has also been adversely affected by the impact of the dismantling of tariffs between Austria and the EEC which eliminated the protective walls erected around Semperit's domestic market.

Technological changes further sharpened the difficulties of the company, which in its plants in Traiskirchen in Lower Austria, in Dublin and in a joint venture in Yugoslavia can boast only of a combined daily output of some 14,000 tyres compared, for example, with a daily output of 70,000 for Conti Gummi in Germany and 300,000 for Michelin, the giant French concern which also controls Kleber.

Semperit has a total production staff of 13,500 and a turnover of some Sch 7bn. But the company has to shrink in order to survive. In addition to last year's losses of Sch 615m, accumulated losses for the years 1975-77 total a further Sch 260m. Loan interest alone is costing the company an annual Sch 290m. Creditanstalt, as principal shareholder, is providing, in two phases, new capital to the tune of Sch 1bn ($76m).

Cash support of this standing demands unpopular measures—in Semperit's case putting the company on a self-supporting basis. It is in this crucial field that Dr. Leibenfrost achieved a success within six weeks of his appointment. Two-thirds of the 7.671 workers and employees (representing 89 per cent participation at the poll) voted in a referendum in favour of working four days unpaid, saving the company some Sch 30m per annum in wages.

Dr. Leibenfrost began with a shake-up in order to reassert corporate identity and to strengthen the awareness of "we are all in the same boat" philosophy. The step-by-step approach involves the reduction of the share of tyres currently still accounting for some 60 to 65 per cent of the turnover. The present range of 269 different tyre types produced by Semperit will be drastically cut. The non-tyre operations which, proportionately, produce even larger losses than the tyre-making, are also to be revamped.

From the start, Dr. Leibenfrost's trump card in getting to grips with the critical situation has been public relations. But then the new man at the helm is himself not exactly the prototype of a conventional manager. After graduating from Vienna University, he completed a one-year course at Insead, the French management school in Fontainbleau before joining BASF, the West German chemicals company. Following a two-year spell at the head office in Ludwigshafen, Dr. Leibenfrost spent eight years in the U.S., finally becoming vice-president in charge of system analysis and corporate planning.

He joined the Board of Steyr-Daimler-Puch, the largest non-nationalised Austrian company, five years ago, and is widely regarded as the architect of the success story of Puch mopeds in the U.S. Along with Steyr chairman, Herr Michael Malzacher, he played a key role in the company's major foreign ventures.

Within two years, the infusion of new management and new capital into Semperit, along with an inevitable redeployment of labour and capacities, is expected to produce a turning point.

WUH profits ease

BY CHARLES BATCHELOR IN AMSTERDAM

PROFITS OF the Dutch mortgage bank, Westland Utrecht (WUH), fell slightly in the first half of 1979. The bank, which is the largest of its kind unaffiliated to a commercial banking group, nevertheless said it considered the result satisfactory and that it was able to maintain its market position.

It expects the result for the year as a whole to be lower than the Fl 61.9m earned in 1978 because of the large number of economic uncertainties.

Operating profit fell 5 per cent to Fl 55.8m (U.S.$27.8m) in the first half of 1979 while, at the net level, profit was 3 per cent down at Fl 27.8m. Group revenue rose 27 per cent to Fl 597m.

The value of house mortgages granted was lower than in the first half of 1978, although more mortgages on commercial property were agreed. About 9,250 mortgages worth Fl 1.5bn were agreed compared with 12,299 worth Fl 1.53bn in 1978. The value of outstanding mortgages, after allowing for redemptions, rose Fl 1.11bn to Fl 11.6bn.

WUH began new property development projects worth Fl 144m in the first six months compared with Fl 181m last year. There has been a slowing down of the rate of sales of property developed, it said.

The results benefited from a number of unspecified non-recurring items, some of which came from minority holdings.

The bank borrowed a net Fl 1.31bn on the money and capital markets in the first half, compared with Fl 1.1bn in 1978, bringing total borrowings to Fl 11.9bn.

Earnings rise for ASEA South Africa

By Our Johannesburg Correspondent

ASEA Electric South Africa, in which the Swedish heavy electrical group, ASEA, has a 47 per cent stake, has reported a 33 per cent jump in pre-tax earnings to R2.5m (U.S.$3m) on an undisclosed turnover.

Directors said that an increase in the demand for electrical generating capacity due to the sharp rise in oil costs was behind the improvement.

The first half earnings per share was 23 cents against 17.9 cents at the interim stage in 1978 and directors have doubled interim dividend to 5 cents a share. The company's share price rose 20 cents to 280 cents after the news reached the Johannesburg stock exchange.

South African companies seek more cash

BY JIM JONES IN JOHANNESBURG

JOHANNESBURG Consolidated Investment (JCI), the mining finance house, and French Bank, 54.4 per cent owned by Banque de L'Indochine et de Suez and 30 per cent by Union Corporation, have joined the growing queue of South African companies seeking new cash from the nation's institutional and private investors.

French Bank announced a R1m (U.S.$1.2m) rights issue in July, but has now decided to double this amount and raise R2.06m through an issue of preferred ordinary shares on the basis of 34 preferreds for every 100 ordinary shares held. The issue price of the 50 cent par value preferreds is R1.

The bank has traditionally been involved in the financing of South Africa's agricultural exports, particularly the wool clip. But following its recent successful R2.5m placing of 10.1 per cent loan stock for the city of Potchefstroom, the bank is planning to increase its activities in the market.

JCI is seeking to raise R40m through a private placing of variable rate cumulative redeemable preference shares. Officially, the rationale for this issue is that it will enable JCI to take advantage of new business opportunities as they arise by increasing its financial flexibility.

However, the company recently acquired 7.12m Rustenburg Platinum shares at a price of R18.4m from Transvaal Consolidated Land. This followed TCL's acquisition of Cape Industries' asbestos mining operations in South Africa. The Rustenburg share purchase, which consolidates JCI's control of that company, may have squeezed JCI's liquidity at a time when many Johannesburg investors are expecting an early announcement on new uranium mining developments in the Cape province as well as gold and uranium mining developments near the Randfontein mine 25 miles west of Johannesburg. JCI's latest preference issue is expected to carry an initial coupon of 8 per cent and have a life of seven years.

Neither issue is expected to meet any problems. The recent Southern Sun R3.8m public rights issue attracted R102m in applications and Sasol, the synthetic oil producer, found its recent private placement heavily oversubscribed.

* * *

PROTEA Holdings, the South African chemical, engineering, industrial and electrical conglomerate has reported a 28 per cent pre-tax profit improvement to R18.2m for the year to June 30, 1979. This arose from a 20.3 per cent turnover increase to R214.5m and follows strong profit improvements from the rival Rennies and Abercom groups.

According to Mr. Fred Beard, the chairman, the improvement was due to a moderate revival in real demand for the group's products, coupled with a reduction in operating expenses. Mr. Beard sees the results as highly satisfactory and expects the current year to June 30, 1980 to show a further improvement.

On earnings per share of 34.5 cents against 28.1 cents, Protea has declared dividends totalling 17 cents compared with 14 cents. In Johannesburg the shares are currently trading at 190 cents.

Dow moves ahead 3.16 in active trading

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—30½% (32¼%)
Effective $2.2220 11½% (12¼%)

STOCK PRICES closed near their best levels of the day in moderately active trading.

The Dow Jones Industrial Average, down 3½ ponits early in the session, closed up 3.16 points at 886.52.

Oil, computer and electronics stocks were the strong points in today's improved market.

Oil stocks generally had lagged the market during its almost month-long summer rally, but showed some improvement after President Carter's order exempting heavy oil from price controls.

One beneficiary of the decontrol announcement has been Getty Oil, the biggest producer of heavy crude in California. Getty gained 2¾ to $57¼.

Other oil stocks showing improvement were **Occidental Petroleum** up 1¼ to $24¾, **Standard Oil (Indiana)** 1⅛ to $67½ and **Standard Oil (Ohio)** 1⅞ to $65⅞.

Exxon rose ⅜ to $54⅛. It decided to delay a decision on the purchase of tendered shares Reliance. Reliance is halted.

CIT Financial gained 3⅛ to 86⅛. Active **RCA** agreed in principle to pay $1.35bn or $65 a share for CIT. RCA was unchanged at $25⅝.

Fuqua, which ended its offer to buy **Hoover** stock from the Hoover family, eased ⅛ to 13⅞. Hoover, on the over the counter market, slipped to 14¼ bid from 15⅞.

Mesa Petroleum gained two to 64¼. **Mesa and Beard Oil** ended discussions on Mesa's possible acquisition of Beard. Beard, also on the over the counter market, slipped to 22⅞ bid from 27¼.

Prices also rose on the American Exchange with the market value index gaining 2.87 points to close at 213.87. The average price per share climbed 22 cents.

Advancing issues led decliners, 335 to 258, with 252 stocks unchanged. Monday's volume rose to 4,892,135 shares, from 4,317,405 shares Friday.

Canada

The market closed higher in active trading as the Composite Index added to Friday's record as it rose 21¾ points to 1,640.7. All 14 indices advanced and gains outnumbered losses 292 to 190.

The oil index also reached a record high as **Gulf Canada** climbed 4¼ to 71. **Hudson's Bay Oil** 3½ to 77⅛, **Ranger Canada** 1⅞ to 31⅞ and **Asamera Oil** ⅞ to 18⅝.

Francana Oil rose 1¼ to 14¾. The company reported higher earnings and plans to merge with Canadian Merril, which slipped ⅛ to 23⅞.

Imperial Oil "A" gained 2 to 38¼. The company raised its dividend.

Integrated Mines rose as **Cominco** moved up 1⅛ to 48, **Alcan Aluminium** 1¾ to 44⅞, **Falconbridge Nickel "A"** ¾ to 65 and **Inco** ⅜ to 23.

Volume was 6,683,822 shares compared with 6,882,508 on Friday.

Tokyo

Share prices closed slightly lower in mixed trading after late profit taking pared early gains, dealers said.

The market average fell 3.84 to close at 6,448.72 after briefly touching a record 6,470.30 in early trading, with volume 160m shares. The Tokyo Stock Exchange Index closed at 453.19, up 0.15.

Investors were generally reserved towards the close as they became cautious against high price levels.

Big-capital issues which led the recent rally closed generally lower on profit-taking, while energy-related issues closed mixed after a firm start.

Arabian oil fell 90 to 3,810. *Teikoku Oil* 21 to 848. Sony 10 to 1,920 and *Mitsubishi Heavy Industries* two to 172.

However, *Nippon Seiko* rose nine to 302 on good earning prospects after an increase in domestic demand for bearings.

The second market closed higher, with volume 8m shares.

Hong Kong

Heavy local selling followed the announcement that the Hing Kong prime rate is to be raised to 14½ per cent from 13 per cent.

Dealers said the rise was much sharper than the market had expected and predicted a bearish trend for at least two months, with the possibility of a good rally towards year end if interest rates ease.

In the very near term, however, dealers see a possible mini rally today when the Hong Kong Bank announces its half yearly results. Analysts anticipate a profit rise of up to 37 per cent in the half year and a dividend of around 18 cents.

Hong Kong Bank shares closed 40 cents off at HK$13.50.

Germany

Firmer prices in medium turnover, lead **KHD** to rise DM 2, **Veba** DM 1.50, **Hoesch** DM 1.10 and **Siemens** DM 1, while **AEG** lost 90 pfennigs.

Chemicals gained ground with **Schering** up DM 1.80, **BASF** DM 1.20, **Bayer** DM 0.70 and **Hoechst** DM 0.60, while Autos were mixed as **VW** gained DM 1.90, **BMW** lost DM 1 and **Daimler** lost 0.40.

On the Domestic Bond market, Public Authority Loans showed gains of up to 10 pfennigs and losses of up to 20 pfennigs with the Bundesbank selling DM 0.8m worth of paper after sales of 3.7m last Friday.

Paris

French share prices generally showed modest gains in slightly more active trading with no new factors, dealers said.

Increases were seen in most sectors, with electricals and department stores featuring. Engineerings and investment companies were irregular.

Among foreign stocks, U.S. were firm. Dutch and oils irregular, and Canadians and Golds weakened.

Australia

Prices remained firm, but the pace of trading slowed down ahead of the Federal Budget, brokers said.

Market leader **BHP** regained the 10 cents it lost on Friday and closed at A$9.54.

...**Ansett** and **Ampol** announced they had stopped buying shares in each other, with **Ampol** steady about 90 cents and **Ansett** firmed 3 cents to A$1.58.

Mining and oil stocks remained firm and some solid gains were recorded among oils as **Vamgas** firmed 25 cents to A$1.75 and **Weeks Petroleum** gained 5 cents to A$4.20. Ahead of the anticipated release of results, **Western Mining** was steady at A$2.82 and **Consolidated Gold Fields** was steady by A$3.85.

Johannesburg

Gold shares closed easier to mixed in fairly quiet trading shadowing bullion prices, dealers said.

The Financial rand was unchanged at 85.00 U.S. cents and overseas demand was minimal. **Buffels** fell 45 cents to 1.88 cents, while after results **GFSA** rose 50 to 3.975 and **De Beers** was unchanged at 858 ahead of the interim results.

Platinums firmed sharply on market speculation that demand for the metal will outstrip supply, with **Implats** rising 23 to 380 and **Rusplat** 10 to 290, while Industrials were harder.

Switzerland

Prices firmed slightly in fairly active trading after a hesitant opening with sentiment aided by generally favourable prospect for the Swiss economy and high liquidity, dealers said.

Swissair registered was a feature in Transports. Small gains predominated among Banks. Financials closed little changed apart from **Intershop** which moved higher.

Insurances continued slightly firmer. Trading in leading Industrials focused on Chemicals. **CIBA-GEIGY** and **Sandoz** gained in heavy turnover. **Brown Boveri** bearer, in Engineerings, and **Nestle**, in *Foods*, shared the overall firmer trend. **Alusuisse** in Metals was neglected.

Milan

The new bourse period began with active trading and prices closed firm, but some finished below the day's best levels after profit-taking dealers said.

Leaders to advance included **Fiat**, **Montedison** and **Generali**, while notable gains were recorded by **FIL**, **Pierrel**, **Liquigas Risparmio** and **Pirelli EC**.

Amsterdam

Share prices closed lower in quiet trading. **Royal Dutch** fell Fl 3.10 but **AKZO** was unchanged, ahead of its half year results tomorrow.

Elsewhere **Van Ommeren** lost Fl 2 in depressed Shippings and **AMEV** fell Fl 1.20 in easier Insurances. **ABN** was Fl 1.50 lower and **AMRO** down Fl 1, while **NMB** was unchanged in Banks. Investments Funds were among few higher stocks. State loans were mostly higher.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
◎ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Indices

NEW YORK—DOW JONES

	Aug. 20	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	1979 High	1979 Low	Since Compil'n High	Since Compil'n Low
◆Industr'ls	886.52	883.36	884.04	885.94	876.71	875.26	885.94 (15/8)	807.00 (27/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.85	86.01	85.98	86.10	85.88	85.74	88.10 (15/8)	82.32 (8/5)	—	—
Transport	279.31	268.70	268.36	271.77	269.56	268.71	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	109.24	109.15	109.00	107.95	108.85	108.46	109.15 (17/8)	99.51 (15/5)	165.52 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's	35,380	31,740	47,380	46,250	41,010	41,990	—	—	—	—

◆Day's high 890.45 low 878.07

	Aug. 10	Aug. 3	July 27	Year ago (approx)
Ind. div. yield %	5.64	5.75	5.75	5.26

STANDARD AND POORS

	Aug. 20	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	1979 High	1979 Low	Since C'mpil't'n High	Since C'mpil't'n Low
‡Indust'ls	120.88	120.01	119.78	119.88	118.98	118.97	120.87 (17/8)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	108.83	108.30	108.09	108.25	107.52	107.42	108.30 (17/8)	98.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Aug. 15	Aug. 8	Aug. 1	Year ago (approx)
Ind. div. yield %	5.02	5.13	5.22	4.70
Ind. P/E Ratio	8.41	8.21	8.07	9.99
Long Gov. Bond Yield	8.89	8.85	8.91	8.64

N.Y.S.E. ALL COMMON

Aug. 20	Aug. 17	Aug. 16	Aug. 15	1979 High	1979 Low
62.02	61.70	61.56	61.68	61.68 (15/8)	53.88 (27/2)

Rises and Falls

	Aug. 20	Aug. 17	Aug. 16
Issues Traded	1,895	1,892	1,909
Rises	802	694	687
Falls	673	738	797
Unchanged	420	460	415
New Highs		80	162
New Lows		5	4

	Aug. 20	Aug. 17	Aug. 16	Aug. 15	1979 High	1979 Low
MONTREAL Industrial	285.79	278.16	274.85	275.65	285.79 (20/8)	219.19 (2/1)
MONTREAL Combined	280.11	275.08	272.68	271.58	275.13 (29/5)	225.38 (2/1)
TORONTO Composite	1640.7	1619.2	1608.9	1600.7	1640.7 (20/8)	1315.8 (2/1)
JOHANNESBURG Gold	305.8	306.5	301.8	302.5	303.4 (25/6)	223.4 (17/4)
JOHANNESBURG Industrial	342.1	339.4	337.8	335.7	338.4 (17/8)	270.5 (2/1)

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
AKZ C	F.27.50	—	-	5	4.20	—	—	F.29.50
AKZ C	F.30	110	1.40	10	2.40	—	-	"
AKZ C	F.32.50	8	0.60	42	1.10	—	—	"
AKZ P	F.27.50	-		3	0.70	-	-	"
ABB C	F.80	2	0.40		-	—	-	F.72.40
EK C	$60	5	1¼	5	2½	—	—	$56⅞
HO C	F.32.50	9	1.60	21	2.60	—	-	F.33.10
HO C	F.35	—	-	5	1.50	—	—	"
IBM C	$75	—	—	5	3½	—	-	$71
KLM C	F100			1	12	—		F.106
KLM C	F.110	85	3	18	6.70	—	—	"
KLM C	F.120	14	1.20	1	5.50	—		"
KLM C	F.130	10	0.50	—	—	—	—	"
KLM C	F.140	10	0.20	-	—	—	-	"
KLM P	F.100	15	1		—	—		"
KLM P	F.110	5	5.50	140	6	—	—	"
KLM P	F.120	2	14	—	-	—	—	"
NN C	F.120	10	1.10	2	2.90		-	F.114
PHI C	F.22.50	60	2.20	3	2.60	12	3.30	F.24
PHI C	F.25	545	0.50	94	1.10	20	1.80	"
PHI C	F.27.50	57	0.10	—	—	—	-	"
PHI P	F.25	5	0.90	21	0.90	—	-	"
PHI P	F.27.50	10	3.50	-	—	—		"
PRD C	$30	5	1½	-	—	—	—	$30
RD C	F.125	2	22.30	—	—	-	-	F.146.70
RD C	F.140	6	7.90	10	9.50	-		
RD C	F.145	162	4	27	6.30	1	9.60	
RD C	F.150	177	1.90	76	4	2	7	"
RD C	F.160	5	0.70	80	1.80	-	—	"
RD P	F.140	—	-	10	2.50			"
RD P	F.145	158	3.50		-	—		"
RD P	F.150	13	8	-	-		-	"
RD P	F.160	11	17.10	-		-		"
UNI C	F.130	-	-	16	2.90	-	-	F.128.20
		Sept.		Dec.		Mar.		
S C	$20	—			—	1	1⅞	$20⅛
TOTAL VOLUME IN CONTRACTS						2152		

C—Call P—Put

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Bank Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
Henry Ansbacher	14 %
A P Bank Ltd.	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½%
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

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NZ butter imports under attack

BY CHRISTOPHER PARKES

THE COMMON Market Commission has started its promised autumn offensive on the EEC's milk surplus with an assault on New Zealand's position in the British butter market.

The aim is to increase the share of the market available to Community suppliers and to limit New Zealand's flexibility in what has grown into a highly complex trade.

A report sent to the Council of Ministers proposes first that New Zealand should allow the Community to go back on an agreement reached in 1975 and cut butter export quotas to Britain for this year and next by an unspecified amount.

To compensate for the reduction in volume sales, the Commission proposes import adjustments to allow an increase in take-home earnings for the butter landed in Britain.

For the future, Brussels suggests a longer-term deal with lower and diminishing quotas.

Initial response from Wellington, although low-key, barely conceals the dismay felt theme. Mr. Brian Talboys, deputy Prime Minister, said he was "discouraged."

Mr. Ken Mehrtens, chairman of the New Zealand Dairy Board (NZDB), attacked the "inconsistency" of the proposals.

Mr. Talboys said he was disappointed that the Community's dairy problems, of its own making, should be seen as requiring sacrifices from New Zealand.

Mr. Mehrtens said it was inconsistent that the EEC should expect his organisation to send less to Britain and sell more elsewhere while the Community stated in its report that it intended to continue with "an active export policy.

The EEC has been regularly attacked for "dumping" subsidised butter in markets New Zealand has been trying to develop.

The nigglings between Brussels and Wellington, which have continued since Britain joined the EEC, could now come swiftly to a confrontation.

EEC Ministers have regularly warned that without some limits on imports of butter from New Zealand, they would find themselves unable to approve more stringent controls on Community dairy farmers.

Current arrangements virtually guarantee New Zealand 20 to 25 per cent of the UK butter market, while present estimates show that by the end of the year the Community will have 500,000 and 600,000 tonnes of butter in intervention stores.

New Zealand is in a difficult position. If it does not agree "voluntarily" to cuts in its quota for the rest of this year and 1980 the ill-will created will certainly be felt in the coming negotiations for quotas for 1981 and beyond.

To compound its problems, the NZDB is having serious difficulties selling this year's quota of 120,000 tonnes.

Recent delays in adjusting the special import levy paid on NZ butter imports into Britain made the Anchor brand uncompetitive and sales fell. Now the NZDB is faced with the uphill task of selling 3,000 tonnes a week if it is to clear its full allowance.

In these conditions a quota reduction—coupled with the higher prices proposed—could almost be considered helpful to New Zealand. Wellington's policy to date, however, has been based on maintaining volume sales as far as possible.

Given the pressures on "free" world markets, where EEC traders are aided by big subsidies, there is every chance that NZ butter diverted out of the UK quota would have to be sold at a loss. This would probably cancel out most of the benefits of higher prices for lower quotas sold to Britain.

Another lever likely to be used against New Zealand is the EEC's recent concession during world trade negotiations allowing NZ to renew exports of cheese to Britain.

One cryptic point in the Commission report says that import arrangements for beyond 1981 when the current agreement expires "should be made for the Community as a whole and not only for the United Kingdom."

This could indicate that the Commission might hope to absorb some New Zealand butter in the processing industry, rather than have it all sold on the branded packet market in Britain where EEC suppliers have suffered their worst setbacks.

Last year, French, Dutch and German shippers took back thousands of tonnes of butter which they were unable to sell in the UK.

● Iraq has agreed to buy $NZ 75m worth of dairy produce from New Zealand over the next five years.

New Zealand will supply 12,000 to 13,000 tones of butter, milkfat, cheese and milk powders each year.

UK crops weather storms

By Our Commodities Staff

THERE HAVE been comparatively few reports of serious damage to UK cereal crops following last week's storms, though some crops had been flattened by the rain the Ministry of Agriculture said yesterday.

Harvesting of winter barley was reaching completion in most areas despite further delays, it added.

Maincrop potatoes were bulking well and crop prospects were improving, the Ministry said.

It also reported that sugar beet crops were making good growth.

Meanwhile, a British Sugar Corporation spokesman said, last week's heavy rain was "ideal" for the UK sugar crop, which needed a "soaking" following the long dry spell at the beginning of the summer.

Given good sunshine and occasional showers up to the harvest, prospects were for a "reasonable" crop.

Cocoa surge reversed

By Richard Mooney

COCOA PRICES declined again on the London futures market yesterday, wiping out most of last Friday's £51 advance.

Last week's upward movement was continued in early dealings and the December position reached £1,490 a tonne at one point. But producer selling was attracted at this level, particularly from Cameroon, and the resulting decline was intensified by "chartist" selling.

At the close, December delivery cocoa was quoted at £1,442.5 a tonne, down £33 on the pre-weekend level.

Dealers noted that fundamental considerations remained basically bearish with another sizeable surplus forecast for the coming season. They said the market had repeatedly run into general selling just short of the £1,500 a tonne mark.

On the coffee market meanwhile, last week's upsurge continued, though at a more moderate pace. The November position ended the day £11.5 up at £1,813.5 a tonne.

Trade and speculative buying encouraged early gains, dealers said, but the rise tended to be contained by light producer selling.

COMMODITY AGREEMENTS

Malaysian dilemma on tin and rubber

BY OUR KUALA LUMPUR CORRESPONDENT

MALAYSIA, as the world's largest producer of tin and rubber, is faced with the same dilemma as Saudi Arabia in relation to the OPEC "hawks." Both need, at times, to restrain their bent for moderation not only to safeguard their leadership but also to facilitate the emergence of a concensus among producers which both "hawks" and "doves" can live with.

This basic position has to be kept in mind in appraising Malaysia's current posture in the negotiations for a revision of the 23-year-old International Tin Agreement and the conclusion of new moves to stabilise rubber prices.

Mr. Paul Leong, Malaysia's Minister for Primary Industries—a bureaucrat turned politician—says: "We want economic co-operation rather than confrontation between producers and consumers because we firmly believe that both will benefit from stable and equitable commodity prices." Yet he does not endorse, in public at least, the optimism voiced by Mr. Peter Lai, Malaysian chairman of the International Tin Council, that the two sides will work out a new tin agreement for the period 1981 to 1986 even though negotiations will be tough.

Instead, Mr. Leong sets out conditions which he wants the new agreement to meet. Chief among these is that producers must be allowed to retain the right they now have to restrict exports if the buffer stock purchases fail to prevent prices sliding below the floor. The U.S. is leading a campaign to remove this right.

Apart from an objection in principle, U.S. commodity specialists argue that export quotas—imposed four times since 1957 for a total period of 74 months—have always led to a slowdown in the industry, culminating in a subsequent price explosion.

Mr. Leong says he wants the size of the tin buffer stock—raised in 1976 to 40,000 tonnes, or one-fifth of world production, from 20,000 tonnes previously—to be reviewed.

"A huge stock tends to dampen market prices." he argues. Thirdly, he wants "realistic prices" set for buffer stock operations.

Since the U.S. argues that an adequate buffer stock makes resort to export controls unnecessary, Mr. Leong's demand for a review may be intended to forestall a possible U.S. manoeuvre to demand a still larger stock as a condition for allowing the existing quota provisions to stand.

Malaysia's chief worry is Bolivia, the world's second largest tin producer. Should it walk out of the tin agreement, as it has often threatened, it would weaken the producers' bargaining position. Mr. Leong, therefore, takes every opportunity to underline the fact that Bolivia has the highest production cost "due to its harsh climatic conditions and difficult underground deposits," and that it depends on tin for 60 per cent of its foreign exchange earnings.

The message to consumers, particularly the U.S. is not to push Bolivia too far because its withdrawal could lead to the collapse of the agreement and Malaysia would come under strong pressure to agree to an Opec-like producers' cartel. The four largest producers, including Thailand and Indonesia, account for three-quarters of world supply.

On rubber, Mr. Leong has equally clear-cut views. While hard-liners like Tun Tan Siew Sin, chairman of the giant conglomerate Sime Darby, argue for a cartel, the Minister says Malaysia is not interested in pushing up prices but in stabilising them with the help of consumers.

Mr. Leong has reason to worry since the share of natural rubber in total world supply is shrinking year by year, eroding the producers' bargaining strength. To reverse this, he advocates "massive investments" for which the assurance of stable prices is an important pre-condition because rubber is basically a crop grown by smallholders with little or no staying power.

Though he does not say this in so many words, it is evidently Mr. Leong's judgment that a price stabilisation agreement with consumers will be finalised when talks resume in Geneva in September over a few outstanding issues, among them a controversial U.S. demand for the proposed international council to have the power of surveillance over measures taken by producers which may affect output or supply.

Mr. Leong has indicated that this infringement of national sovereignty is unacceptable.

Just in case there are further complications in Geneva, Mr. Leong has warned that the seven-member Association of National Rubber Producing Countries will evolve a unilateral plan for "supply rationalisation" (a euphemism for export quotas) and this will be invoked if prices fall as steeply as they did in 1975.

Though the ANRPC endorsed Mr. Leong's warning at its meeting in Port Moresby earlier this month, this is obviously a last resort alternative for which no need may arise because producers remain convinced that "the short-run and long-run outlook for rubber is bright indeed."

Coconut oil production likely to fall

WORLD COCONUT oil production in the year ending September 30 is likely to fall 11 per cent to 2.54m tonnes, the lowest level since 1974-75.

Oil World said the decline, attributed to low Philippines output, would be partly off-set by the use of reserves. Consumption would probably fall only 9.2 per cent, it said.

Philippine exports of copra this season are forecast at only 150,000 tonnes, a drop of about 332,000 tonnes from 1977-78 and below the publication's May forecast of 225,000 tonnes.

As a result, countries that depend on Philippine copra, particularly West Germany and Japan, will see their coconut oil production decline by about 201,000 tonnes, or 41.6 per cent. In West Germany, a fall of about 79 per cent is forecast.

Philippine production of coconut oil is forecast this year at 1.05 tonnes, down 12.5 per cent.

Tea taxes 'too high'

BY JAMES BARTHOLOMEW

INDIAN AMBITIONS for the tea industry will fail unless tax rates on the plantation companies are reduced, according to Sir John Brown, chairman of McLeod Russel.

In the company's annual report, Sir John said the Indian Government "must positively make up its mind in regard to its attitude to this industry in the long term."

A solution to the problem was "central to the whole question of the future of one of India's main industries."

The Indian production target of 1,400m kgs a years by the year 2000 would require an investment, at current prices of £1bn.

The magnitude of this task should not be overestimated. Sir John said, but the Indian Government would have to create conditions which justified that measure of capital expenditure.

This meant an agreement between the Central and State governments over taxation rate ceilings which would enable the expansion programmes to proceed on a sound financial basis.

McLeod Russel's profits slumped last year from £8.5m to £4.2m because of the fall in tea prices. The overall tax charge was 78.9 per cent.

The slide at the pre-tax level would have been even steeper but for two changes of accounting practice.

Exchange losses were put below the line (increasing the pre-tax profit by £348,000) and dividends from subsidiaries and associates were included on an accruals basis rather than when paid (the effect of this on pre-tax profits is not revealed).

Farm talks

A CONFERENCE on the prospects for UK agriculture in 1980 and beyond will be held at the Skean Dhu Hotel, Dyce, Aberdeen on October 11 and 12. Organised by the North of Scotland College of Agriculture, the conference will cover key commodities and economic and political issues.

Copper downturn hits metals markets

BY JOHN EDWARDS, COMMODITIES EDITOR

A SUDDEN downturn in copper brought a generally easier trend on the London Metal Exchange yesterday afternoon.

Depressed by the rise in the value of sterling against the dollar, and a weak opening on the New York market, copper cash wirebars closed £6.5 down at £895.5 a tonne after trading at £911 earlier in the day.

Three months wirebars closed £8.25 down at £889.25 and moved still lower in after-hours trading.

Speculative buying was encouraged in the morning by a fall in LME warehouse stocks of copper, which declined by 2,725 tonnes to a total of 167,375 tonnes.

A fall of less than 2,000 tonnes had been predicted.

But in the afternoon, when the New York copper market opened on a weak note, speculative selling emerged and all the earlier gains were wiped out.

There was a similar trend in tin. Warehouse stocks were down more than expected, falling by 245 tonnes to 4,630 tonnes. But cash tin after trading at £6,700 in the morning dropped in the afternoon to close £122.5 down at £6,585 a tonne.

Lead stocks were unchanged at 24,125 tonnes compared with market forecasts of a 350 tonne decline. Cash lead lost £11 to £528 a tonne.

Zinc stocks fell by 1,500 to 55,750 tonnes and aluminium holdings were also down by 775 to 17,250 tonnes. However, nickel stocks rose again by 678 to 6,150 tonnes and LME silver holdings increased by 360,000 to 17,200,000 ounces.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lower on balance on the London Metal Exchange. After opening at £900 and edging up to £905 in the morning following the initial weakness of sterling, a slightly larger than expected stocks decline and fresh speculative buying; forward metal came under fairly heavy selling pressure in the afternoon, reflecting a poor opening on Comex and the sharp rally in sterling. This brought out speculative selling which pared the price to £885.5 on the late kerb. Turnover 10,075 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	910-11	+12	895-6	—6.5
3 months	904.5-5	+12	889-.5	—8.25
Settlem't	911	+12	—	.....
Cathodes				
Cash	874-5	+16.5	858-60	—9
3 months	888-9	+15	872-5	—9
Settlem't	875	+15	—	.....
U.S. Smt.	—	.....	*84-87	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £910, three months £902, 3, 4, 4.5, 5, 5, 4, 4.5, 5. Cathodes, cash £873, 75. Kerb: Wirebars, three months £904, 3. Afternoon: Wirebars, three months £890, 87, 88, 90, 88, 90, 89, 89, 89, 90, 89, 88.5, 88, 88.5, 89, 89.5. Cathodes, three months £873, 72.5. Kerb: Wirebars, three months £889, 87, 88, 85, 86, 86, 84, 85, 86, 85, 86.5.

TIN—Fell away. Forward metal opened around £6,700 and rose to £6,720 owing to the initial fall in sterling. Hedge selling then pared the price to £6,680. In the afternoon the heavy fall in copper brought out renewed selling and forward metal dropped to £6,625 before closing the late kerb at £6,630. Turnover 765 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6690-700	+37.5	6580-90	—122
3 months	6705-20	+40	6635-50	—66
Settlem't	6700	+30	—	.....
Standard				
Cash	6690-700	+32.5	6580-90	—122
3 months	6695-700	+50	6625-30	—70
Settlem't	6700	+30	—	.....
Straits E.	$1896	—4	—	.....
New York	—	.....	—	.....

Morning: Standard, cash £6,700, three months £6,720, 5, £6,700, 6,630, 95. Kerb: Standard, three months £6,700, 6,680. Afternoon: Standard, cash £6,590, three months £6,660, 50, 40, 30, 25. Kerb: Standard, three months £6,625, 30.

LEAD—Lost ground following the absence of any stocks decline, the strength of sterling and the downturn in copper. Forward metal initially held steady around the £532 mark but subsequently fell away to close the late kerb at £524. Turnover 3,475 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	551-2	—6	527-9	—11
3 months	536-.5	—5	526-7	—5.75
S'ment	532	—6	—	.....
U.S. Spot	—	.....	*58-63	.....

Morning: Cash £532, 31, three months £528, 27, 28, 29.5. Kerb: Three months £527, 27.5. Afternoon: Three months £526, 26, 25.5, 24, 25, 26, 27. Kerb: Three months £524, 25, 26, 25.

ZINC—Lower. Forward metal gradually lost ground throughout the day, opening at £300 and slipping back to close the late kerb at £298.5, mainly reflecting the weakness of other metals. Turnover 3,750 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	296-8	—2.7	288-9	—4.5
3 months	299-300	—1	299-.5	—3.5
S'ment	288	—5	—	.....
Primw'st	—	.....	*39.5	.....

Morning: Three months £302, 2, 1, £300, 299. Kerb: Three months £299. Afternoon: Three months £299.5, 299.5. Kerb: Three months £299.5, 99, 98, 97, 96, 96.5.

ALUMINIUM—Slightly easier. Forward metal rose to around £706 in the morning, reflecting the firmness of copper. In the afternoon, however, the price eased back to close the late kerb at £700 as sterling advanced and copper slipped back. Turnover 1,125 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Spot	712-4	+3	707-10	—4
3 months	705-6	+1.75	699-701	—3.75

Morning: Cash £712, three months £704. Afternoon: Cash £708, three months £701, 700. Kerb: Three months £700.

NICKEL—Held steady in quiet trading with forward metal finally £2,635 on the late kerb. Turnover 480 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —
Spot	2555-65	+46	2560-5	+16.5
3 months	2620-25	+22.5	2625-35	+7.5

Morning: Three months £2,630. Kerb: Three months £2,630. Afternoon: Three months £2,625, 20. Kerb: Three months £2,625.

* Cents per pound. † $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 3.4p an ounce lower for spot delivery in the London bullion market yesterday at 413.35p. U.S. cent equivalents of the fixing levels were: spot 919.5c, down 4.5c; three-month 934.8c, down 9.3c; six-month 953.6c, down 11.4c; and 12-month 993.6c, down 9.4c. The metal opened at 417-419p (927-932c) and closed at 412¾-415¼p (917-919c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	413.35p	—3.4	412.25p	—4.75
3 months	425.15p	—2.0	424.25p	—4.5
6 months	435.65p	—2.8	—	.....
12months	455.25p	—2.8	—	.....

LME—Turnover 206 (202) lots of 10,000 ozs. Morning: Three months 425.5, 26.5, 25.5, 25.2, 25.1. Kerb: Three months 425.3, 25.2. Afternoon: Three months 426, 25.8, 24.7. Kerb: Three months 424.8, 23.3, 23, 24.

COCOA

Cocoa futures were weak throughout a featureless day due to a stronger sterling and renewed Cameroon selling, reported Gill and Duffus. [illegible]

COCOA	Yesterday's Close	+ or —	Business Done
Sept	1583-1585	—31.0	1622-1578
Dec	1442-1445	—33.0	1490-40
March	1479-1480	—34.5	1529-1479
May	1500-1505	—41.0	1555-1496
July	1520-1535	—41.0	—
Sept	1540-1565	—41.0	—
Dec	1580-1605	—41.0	—

Sales: 4,750 (2,981) lots of 10 tonnes. International Cocoa Organisation (U.S. cents per pound): Daily price Aug. 17: 145.23 (141.78): Indicator price Aug. 20: 15-day average 141.35 (142.28): 22-day average 142.26 (142.29).

COFFEE

Robustas opened £10-£20 higher following New York closing prices and with good morning commission house buying, reported Drexel Burnham Lambert. [illegible]

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
September	1770-73	+8.0	1776-63
November	1812-15	+11.5	1818-1801
January	1815-16	+17.0	1820-1805
March	1781-82	+22.5	1785-1761
May	1772-75	+30.5	1776-1760
July	1763-66	+30.0	1771
Sept	1740-55	+29.5	1740

Sales: 4,386 (4,034) lots of 5 tonnes. ICO Indicator prices for August 17 (U.S. cents per pound): Other Mild Arabicas 197.00 (195.67); Robustas ICA 1976 182.00 (180.00); ICA 1968 182.25 (180.25). Colombian Mild Arabicas 203.00 (same). Unwashed Arabicas 197.00 (195.00). Comp. daily ICA 1968 193.08 (191.00).

GRAINS

Grains opened 5p higher and in very thin trading conditions eased slightly, reported [illegible].

WHEAT	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Mnth				
Sept.	91.55	+0.20	86.00	+0.10
Nov.	95.00	+0.10	89.20	+0.10
Jan.	99.70	+0.10	93.40	+0.10
Mar.	103.40	+0.05	96.35	+0.10
May	106.40		99.20	+0.10

Business done—Wheat: Sept. 91.55-91.40, Nov. 95.25-95.00, Jan. 99.70, Mar. 103.40, May 106.40. Sales: 55 lots of 100 tonnes. Barley: Sept. 86.00, Nov. 89.20, Jan. 93.40, Mar. 96.35, May 99.20. Sales: 84 lots of 100 tonnes. [illegible]

WOOL FUTURES

SYDNEY GREASY—Close (in order buyer, seller, business, sales). Micron contract: Oct. 411.0, 411.5, 412.5-410.0, 29; Dec. 417.0, 418.0, 420.0-418.0, 39; March 426.0, 427.0, 428.5-426.5, 21; May 428.5, 427.5, 429.0-427.5, 16; July 428.5, 430.0, 430.0-429.0, 12; Oct. 430.0, 432.0, 433.0-432.0, 3. Dec. 430.0, 432.0, 432.0, untraded. Sales: 137.

BRADFORD WOOL—Prices for New Zealand crossbreds were firm, with good dearer business at recent currency changes, some business has developed ahead of Australian sales resumption.

LONDON GREASY—Close (in order buyer, seller only). Oct. 218.0, 33.0. Dec. 218.0, 38.0; March/May/July/Oct./Dec. 228.0, 38.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). Oct. 190.0, 185.0, nil, nil; Dec. 183.0, 183.0, 181.0, 2; March 181.0, 181.0, nil, nil; May/July/Oct./Dec. 181.0, 183.0, nil, nil. Sales: 2.

Argentine unquoted. Oats: Scandinavian Feed unquoted.

RUBBER

The London physical market opened easier, and was quiet throughout the day, closing slightly easier. Lewis and Peat reported a Malaysian godown price of 279 (279) cents a kilo (buyer, September).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
[illegible]			

Sales: 242 (316) at 15 tonnes.

Physical closing prices (buyers) were: Spot 57.00p (57.50p); Sept. 62.00p (63.00p); Oct. 62.25p (63.25p).

SOYABEAN MEAL

The London market opened slightly easier on U.S. growing areas weather conditions and remained steady in quiet trading, reported T. G. Roddick. Prices fell further late in session and closed with losses of £1.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
August	106.00-11.5	—0.65	109.00
October	118.00-19.0	—0.70	119.50-19.00
December	118.50-18.8	—1.10	119.00
February	121.00-21.5	—0.70	121.20
April	122.00-22.5	—0.60	—
June	122.00-23.0	—0.80	—
August	122.00-25.0	—0.50	—

Sales: 52 (78) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £103.00 (£102.00) a tonne cif for Aug.-Sept.-Oct. shipments. White sugar daily price was £113.00 (same).

Small but persistent selling orders produced an easier tone with losses of up to £1.00 recorded by the close, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Oct.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug.	[illegible]	[illegible]	[illegible]
Oct.	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]

Sales: 1,171 (1,660) lots of 5 tonnes. Tate and Lyle ex-refinery price for granulated basis white sugar was £327.55 (same) a tonne for home trade and £171.50 (same) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for August 17: Daily price 8.85 (8.77); 15-day average 8.59 (8.55).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Nov. 110.00, 113.00, nil, nil; Feb. 119.00, 120.00, 120.15, 10; April 123.50, 125.00, nil, nil; July 127.00, 129.00, nil, nil; Sept. 130.50, 132.25, 132.00, 20; Nov. 135.00, 137.50, nil, nil; Feb. 138.50, 141.50, nil, nil. Sales: 30.

TEA AUCTION

LONDON — 40,267 packages were offered at yesterday's auction. North Indians were well supported but at irregular rates. Best Africans sold readily, with selected lines dearer. Mediums sorts were firm to dearer. Quality 140p (139), medium 110p (109), plain 64p (63).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 179 tonnes. Relatively quiet demand continued although some trading was reported in North American and African qualities. Users continued to act cautiously in the light of future developments.

PRICE CHANGES

In tonnes unless otherwise stated.

	Aug. 20 1979	+ or —	Month ago
Metals			
Aluminium	£710/50	....	£710/50
Free Mkt (cs)	$1340/1560	....	$1,480/10
Copper			
Cash w'bar	£895.5	—6.5	£801.25
3 mths ,,	£889.25	—8.25	£813.75
Cash Cathode	£859	—9	£778.5
3 mths ,,	£872.5	—9	£802.5
Gold troy oz	$298.625	—1.25	$304.625
Lead cash	£528	—11	£529
3 mths	£526.5	—5.75	£511.75
Nickel	£2854	....	£5,228.4
Free mkt cif (lb)	250/290c	+7.5	265/290c
Platin'mtr'y oz	£155.5	....	£155.5
Free mkt	£176.10	+2.10	£181.50
Quicksilver	$275.295	....	$295.315
Silver troy oz	413.35p	—3.4	417.30p
3 months	425.15p	—2.0	429.05p
Tin Cash	£6,585	—122.5	£6,585
3 mths	£6,627.5	—70	£6,587.5
Tungsten	$143.12	....	$143.12
Wolfrm 22.04 cif	$142/147	+0.5	$144/149
Zinc cash	£288.5	—4.5	£318.50
3 months	£299.25	—3.5	£328.5
Producers	$780	....	$645
Oils			
Coconut (Phil)	$1,015x	—15	$1,150
Groundnut	‡	....	‡
Linseed Crude	£400	....	£398
Palm Malayan	$650.0	....	$664
Seeds			
Copra Philip	$685y	....	$757.50
Soyabean (U.S.)	$312.50x	....	$340.60
Grains			
Barley Futures	£91.05	+0.15	£92.20
Maize			
French No3AM	£107.75	....	£107
Wheat			
No. 1 Red Spg	‡	....	£97.25
No2HardWint	£101.0x	+1	£98.25
Eng. Milling	£97.00x	....	‡
Other commodities			
Cocoa ship't	£1,525	—53	£1,507
Future Dec	£1,442.5	—34	£1,409
Coffee Ft'r Nov	£1,813.5	+11.5	£1,819
Cotton A.Index	77.60c	—0.10	76.45c
Rubber (kilo)	57.00p	—0.5	59.50p
Sugar (Raw)	£103.0	+1	£99.50
Wooltp's 64s kl	271p	—4	266p

* Nominal. † New crop. ‡ Unquoted. s Aug.-Sept. t Sept. w Sept.-Oct. x Oct. y Oct.-Nov. z Indicator. § Buyer.

GRIMSBY FISH — Supply: moderate. Demand: good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.50, codlings £3.20-£3.80. Large haddock £4.30-£5.00, medium £3.50-£4.40, small £2.20-£3.40. Large plaice £4.30-£4.70, medium £4.20-£6.00, best small £3.80-£4.60. Skinned dogfish, large £9.00, medium £6.00. Lemon soles, large £7.70, medium £7.40. Rockfish £2.50-£3.00. Saithe £2.30-£2.80.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets week ending August 18. GB cattle 80.76p per kg. l.w. (—0.01). UK sheep 141.6p per kg. est. d.c.w. (—1.1). GB pigs 64.8p per kg. l.w. (—1.0). England and Wales: Cattle numbers up 2.6 per cent, average price 80.74p (—0.26). Sheep numbers up 27.7 per cent, average price 142.2p (—1.0). Pig numbers up 18.5 per cent, average price 64.8p (—1.0). Scotland: Cattle numbers down 22.7 per cent, average price 81.49p (—1.29). Sheep numbers up 21.4 per cent, average price 136.2p (—3.5). Pig numbers down 39.7 per cent, average price 63.3p (+0.9).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 62.0 to 67.0. Eire hindquarters 78.0 to 82.0, forequarters 41.0 to 44.0. Veal: Dutch hinds and ends 93.0 to 99.0. Lamb: English small 58.0 to 62.0, medium 59.0 to 62.0, heavy 50.0 to 56.0; Scotch medium 50.0 to 60.0; Imported frozen: NZ PL 48.5 to 49.5, PM 49.0 to 50.0. Pork: English, under 100 lbs 36.0 to 41.0, 100-120 lbs 36.0 to 43.0, 120-160 lbs 36.0 to 40.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—S. African: Valencias 4.00-4.70; Navels/Tasmanian: Sturmer Pippin 4.00; Victorian: Granny Smith 6.60; Californian: 5.00. Lemons—Italian: 100/150: 5.00-6.00; Spanis: trays 20/25 1.50-1.80. Grapefruit—S. African: 4.00; Jaffa: trays 3.50-3.70; Californian: 5.60. Apples—French: Golden Delicious, new crop 20 lb 72/84s 2.10-2.20. Spanish Golden Delicious, new crop 20 lb 2.00-2.20. [illegible]

AMERICAN MARKETS

NEW YORK, August 20.

GRAINS AND soyabeans came under light pressure following additional precipitation in the major production areas. The livestock complex was mixed with nearby months showing sharp gains on short-covering. [illegible]

CHICAGO, August 20.

[illegible]

EUROPEAN MARKETS

ROTTERDAM, August 20.

[illegible]

PARIS, August 20.

[illegible]

INDICES

FINANCIAL TIMES

Aug. 20	Aug. 17	M'nth ago	Year ago
285.37	287.50	286.61	247.00

(Base: July 1, 1952=100)

MOODY'S

Aug. 20	Aug. 17	M'nth ago	Year ago
1075.5	1071.8	1093.0	932.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Aug. 20	Aug. 17	Month ago	Year ago
Spot	397.98	401.49	410.18	353.78
F'tur's	409.63	411.75	416.53	354.74

(Average 1924-25-26=100)

REUTERS

Aug. 20	Aug. 17	M'nth ago	Year ago
1570.4	1569.8	1566.3	1464.0

(Base: September 18, 1931=100)

Gloomy economic predictions unsettle equities and index falls 6.8 to 467.4—Gilts regain early losses

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 30	Aug. 9	Aug. 10	Aug. 20
Aug. 13	Aug. 23	Aug. 24	Sep. 3
Aug. 28	Sep. 6	Sep. 7	Sep. 17

* "New time" dealings may take place from 9.30 am two business days earlier.

The second leg of the current Account in stock markets got off to a rather depressing start yesterday with equity markets undermined by the latest survey from the CBI showing a marked deterioration in the outlook for UK manufacturing industry and by several other gloomy economic predictions.

Trading conditions also reflected nervousness ahead of the July trade figures, and dealers in leading industrials defensively lowered prices by several pence at the opening. The manoeuvre failed to deter persistent small selling from professional and public holders, which weighed on the market in the absence of investment support. A fall of 6.3 in the FT 30-share index at 10 am was thus extended to 9.8 at 3 pm.

Although dealers found it difficult to interpret the trade figures announced at the official close, prices trended a few pence better in the late dealings and the index closed 6.8 lower on balance at 467.4. Awaiting Thursday's half-yearly statement, ICI closed 4 cheaper at 338p, after falling to 335p at one stage.

Most of the equity sections took part in the setback, although the tendency was relieved by occasional bright spots resulting from favourable weekend Press mention. Engineerings were affected by a report from the industry stressing the adverse effects of the recent strength of sterling on exports.

Gilt-edged securities heeded the warnings about the UK economy and opened slightly lower. Light selling followed and this extended the losses to ½ among the longs and to ¼ in the shorts, but the ground lost at the longer end was soon regained. The shorts also began a recovery which gathered pace after the official close of business on the July trade returns and the £30-paid tap, Exchequer 11¾ per cent 1984, settled at 30¼, or ¼ premium, after earlier touching ¼ discount. The longs, too, were edging forward in late dealings.

Investment currency rates were affected chiefly by yesterday's movements in sterling and the premium opened at the day's highest of 32 per cent before falling back to close at 30½ per cent to show a net loss of 1½ points. Yesterday's SE conversion factor was 0.8961 (0.8844).

Once again, the Traded options market attracted only a nominal business, although the level of trade was slightly above last week's average of 310. A total of 364 contracts were completed, with Land Securities the only stock to record a useful demand.

Stenhouse volatile

Continental Corporation's purchase of a 20 per cent stake in Stenhouse Holdings overshadowed all else in Insurances. The way the 7.5m share deal was completed caused some confusion and a sharp initial rise in Stenhouse from Friday's pre-suspension level of 87p; after trading at 110p, the price reacted swiftly in less animated dealings to close at 92p.

Elsewhere, Royals reacted 8 more to 340p, after 337p, on further profit-taking in the wake of last week's favourable interim results, while Eagle Star declined 5 to 145p, after 143p, and Commercial Union softened 2 to 138p. Life issues drifted lower with London and Manchester, 132p, Pearl, 244p, down 6 apiece.

Marked lower at the outset, the major clearing banks continued their retreat on small selling and lack of support. A late rally of a penny or two followed the trade figures but Barclays still registered a fall of 10 at 430p, while NatWest ended 8 off at 332p.

Dull initially, Breweries picked up a little late, although the leaders still finished with modest falls. Whitbread, 141p, and Bass, 231p, eased 4 and 2 respectively, while Scottish and Newcastle gave up 1½ at 66½p. Among regional issues, Wolverhampton and Dudley came on offer at 290p, down 5, while Vaux slipped 3 to 160p. Davenports gave up 3 of Friday's gain of 9 to close at 98p. Elsewhere, Distillers fell 3 to 223p, after 221p, but Luis Gordon put on 5 to 45p following weekend Press comment.

Building descriptions were excluded from the modest late rally apparent elsewhere and remained at the lower levels brought about by small scrappy selling. Blue Circle shed 9 to 272p and BPB eased 4 to 153p, while London Brick, interim figures tomorrow, slipped a penny to 64p. Among Contracting and Construction issues, Taylor Woodrow fell 11 to 375p and Costain cheapened 6 to 158p, while Redland gave up 8 to 180p, the last-named following publication of the annual report. Recently firm Timbers on offer included Magnet and Southerns, 5 off at 208p, and Mallinson-Denny, down 1½ at 84p.

ICI, with the interim figures due on Thursday, slipped to 335p before a little late support lifted the price to 338p, 4 down on balance. Fisons touched a 1979 low of 246p before settling marginally lower at 248p. Elsewhere in Chemicals, Alginate shed 5 to 400p in a nominal market following the U.S. Justice Department's anti-trust suit move to block Merk's proposed bid for the company. Blagden and Noakes hardened 2 to 138p in response to the improved interim profits, but Allied Colloids, a good market of late on bid hopes, encountered profit-taking and shed 6 to 118p, after 114p.

Stores dull

Leading Stores made a dull showing. Profit-taking after the recent speculative rise prompted a reaction of 10 to 262p in Burton "A," while House of Fraser cheapened 4 to 143p ahead of Thursday's interim figures. Mothercare, 172p, and W. H. Smith "A," 186p, declined similar amounts, while Marks and Spencer ended 3 lower at 116p, after 115p. Elsewhere, recent high-fliers were major casualties with Harris Queensway closing 10 down at 268p, MFI Furniture 6 easier at 158p, and Peters 4 cheaper at 71p. Bakers Household dipped 5 to 95p and Wallis retreated 4 to 56p. News of the dividend cut and annual profits setback clipped 1½ from K. O. Boardman International at 18½p, while Blackman and Conrad cheapened a penny to 15p in the wake of the annual report.

Despite further favourable Press comment, Stylo Shoes encountered profit-taking and closed 6 lower at 212p. Ward White, on the other hand, were bought following an investment recommendation and settled 2 higher at 85p.

The chairman's recent warning on profit margins continued to weigh heavily on Dale Electric which followed last week's fall of 12 with a further loss of 11 to 118p, after 116p. Elsewhere in Electricals, the leaders mirrored the general dull trend with GEC closing 6 off at 386p, after 384p, and Plessey 2 lower at 111p, after 110p. EMI touched 94p before finishing 1½ down at 96p.

Sentiment in the Engineering sector was not helped by the gloomy economic views contained in the report from the Engineering Employers' Federation. Falls of 3 or 4 pence were fairly widespread throughout the sector, but leading issues closed above the worst. John Brown touched 414p before settling at 419p for a loss of 4, but Vickers failed to rally and closed at 163p, down 5. Startrite fell 7 to 140p in a limited market, while losses of 4 were marked against Spirax-Sarco, 196p, and Simon Engineering, 280p. Scattered offerings left Babcock and Wilcox 5 cheaper at 149p. Against the trend, Newman Tonks, 76p, and Weir Group, 84p, firmed a penny and 2 respectively in response to weekend Press mention.

Thoughts that Spillers might not attract another and better offer to counter Dalgety's proposed bid of around 50p per share already on the table, prompted fairly sizeable selling of the former's shares which touched 48½p before settling a penny cheaper on balance at 49p. Dalgety eased 4 to 297p; the company acquired 3.8m shares at around 50p per share in Spillers on Friday. Elsewhere in Foods, Rowntree Mackintosh slipped 4 to 194p and Tate and Lyle relinquished 3 to 131p.

In dull Hotels and Caterers, Grand Metropolitan shed 4 to 141p, after 139p, and Trusthouse Forte fell 5 to 140p.

Utd. Carriers up

Publication of the July trade returns triggered a modest rally in the miscellaneous industrial leaders, which had earlier drifted lower on small selling after a fairly sharp initial markdown. Unilever closed 6 off at 502p, after 500p, while Pilkington relinquished 7 to 313p, after 311p. Boots ended 3 easier at 189p, after 187p, and Turner and Newall were a like amount cheaper at 125p. Elsewhere, speculative buying on bid hopes lifted United Carriers 10 to 142p and Dundonian rose 6 to 49p, after 50p, in response to an investment recommendation. Lawtex put on 3 more to 74p, but Bestobell gave up 6 at 204p, the latter on further consideration of Friday's announcement that BTR's bid had been allowed to lapse; the latter closed 4 lower at 323p. Nervous offerings in front of today's interim results left Hyson 4 down at 89p, while profit-taking brought a fall of 8 to 440p in J. Bibby. E. Fogarty declined 8 to 338p as did Henry Boot, to 112p, while De La Rue finished 7 lower at 500p.

The Inland Revenue consultative paper on fringe benefits, which singled out company car perks, hit the Motor section. Lex Service lost 4 at 98½p, after 97½p, while Harold Perry, 131p, and Henlys, 101p gave up 7 and 5 respectively. Elsewhere, Peak Investments ended 2 off at 8½p and Rolls-Royce eased a similar amount to 69p. In Components, Lucas, 250p and Dowty, 316p, both fell around 5, while Kwik-Fit cheapened 2½ to 58p.

With the notable exceptions of Chesterfield which advanced 27 to 270p, after 275p, on the property revaluation, and Allied London, which firmed 3 to 107p following favourable weekend Press comment, Properties were marked lower. Occasionally, some finished above the worst and Land Securities ended 3 cheaper at 308p, after 305p; MEPC also shed 3 to 195p, after 194p. Fairview Estates, a good market of late on speculative interest, encountered profit-taking and slipped 11 to 225p, while Bernard Sunley gave up 10 at 470p awaiting the bid terms from Eagle Star.

Oils drift

Leading Oil shares drifted lower on lack of support, but regained a certain amount of composure in the late dealings. Shell, 4 cheaper at one stage, reverted to Friday's level of 326p, while British Petroleum finished 5 down at 1,180p, after 1,175p. Outside of the leaders, speculative counter Siebens (UK) encountered profit-taking and fell 16 to 288p, while Tricentrol, 224p, and Lasmo, 250p, shed 4 apiece.

Shippings drifted easier in a subdued business, although a little late buying developed in the after-hours' trade. P & O Deferred ended unchanged at 103p, after 101p, while Ocean shed a penny to 92p, the latter ahead of today's interim statement.

Weekend Press comment stimulated isolated improvements in generally easier Textiles, Sunbeam Wolsey, 44p and Albion, 37p, both improving 4. Tern-Consulate finished 3 to the good at 80p following buying in a thin market, but Sirdar again succumbed to profit-taking, falling 4 to 110p, a two-day loss of 7. Among the leading issues, Courtaulds ended a penny cheaper at 89p, while Nottingham Manufacturing gave up a couple of pence to 127p, and Dawson International dropped 4 to 103p.
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Quiet Mines

Mining markets began the week in subdued fashion. South African Golds were marked down at the outset, reflecting the trend in U.S. markets late on Friday evening, and drifted throughout the day owing to lack of interest and the easier bullion price. The latter closed $1.25 off at $298.625 an ounce.

The Gold Mines index gave up 3.4 to 169.3 and the ex-premium index 1.0 to 151.7. Losses in the heavyweights ranged to a half-point as in West Driefontein, £23, while falls of ¼ were common to Randfontein, £25¼, and Free State Geduld, £13¾.

A downturn in the investment currency premium prompted late falls in South African Financials. De Beers gave up 12 to 372p, and Anglo American Corporation and Union Corporation 6 apiece at 362p and 382p respectively.

After drifting in idle trading for most of the day the London Financials rallied in line with UK equities. Rio Tinto-Zinc ended 2 easier at 291p, after 289p. Charter closed the same amount off at 129p, after 127p, steady in quiet trading. Western

Australians generally held. Mining gave up 3 to 160p despite the sharply increased profits and doubled dividend.

Elsewhere, Coppers provided a feature in MTD Mangula which advanced 8 to 84p following favourable week-end Press mention.

New Tory paper

THE YOUNG Conservatives are to launch a tabloid newspaper to be called Democrat on September 1. Its editor is Mr. Bob Hughes who was Tory candidate for Stepney and Poplar at the last election.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
Cons. Gold	250	3	10	6	—	—	—	215p
Courtaulds	90	5	1	6	—	11	—	88p
GEC	360	40	5	63	—	73	—	383p
GEC	390	19	5	41	—	55	—	"
GEC	420	8	1	27	—	38	5	"
GEC	460	2	—	13	6	—	—	"
Grand Met.	128	15½	5	22	5	—	—	139p
Grand Met.	158	4	—	8	17	—	—	"
Grand Met.	178	1	—	4	15	—	—	"
ICI	330	16	1	26	—	32	2	337p
ICI	360	4½	10	12	16	—	—	"
Land Secs.	260	32	35	45½	—	58½	5	305p
Land Secs.	300	18	37	33½	—	46	5	"
Land Secs.	330	5	36	19	—	31½	5	"
Marks & Sp.	120	6	1	10	5	15	—	115p
Shell	350	7	8	15	—	—	—	322p
Totals			145		63		20	

Option	Ex'rc'se price	August Closing offer	August Vol.	November Closing offer	November Vol.	February Closing offer	February Vol.	Equity close
BOC Intl.	60	½	7	3	—	5½	15	72p
Boots	200	½	—	5	—	14	40	188p
Boots	240	¼	5	¼	—	—	—	"
EMI	90	5	—	14	—	22	16	94p
EMI	100	½	—	8	5	14	2	"
EMI	140	¼	6	1	—	—	—	"
Imperial Gp.	90	5	4	7½	—	11½	2	93p
Imperial Gp.	100	¼	4	2½	—	6½	4	"
Imperial Gp.	110	1¼	10	1	—	—	—	"
RTZ	240	50	5	57	—	68	—	289p
RTZ	280	10	—	29	—	40	1	"
RTZ	300	1	—	18	5	30	—	"
Totals			45		10		60	

FINANCIAL TIMES STOCK INDICES

	Aug. 20	Aug. 17	Aug. 16	Aug. 15	Aug. 14	Aug. 13	A year ago
Government Secs.	73.64	73.64	74.03	74.06	73.69	73.62	70.48
Fixed Interest	74.66	74.69	74.92	74.78	74.48	74.52	72.52
Industrial	467.4	474.2	479.7	474.2	475.1	475.8	519.2
Gold Mines	169.3	172.7	167.1	166.3	162.9	168.2	179.7
Gold Mines(Ex-$ pm)	151.7	152.7	147.1	147.0	145.8	150.2	119.9
Ord. Div. Yield	6.96	6.87	6.79	6.84	6.85	6.82	5.18
Earnings,Yld. % (full)	17.39	17.17	16.98	17.26	17.25	17.21	15.41
P/E Ratio (net) (*)	7.24	7.33	7.42	7.29	7.30	7.31	8.62
Total bargains	16,158	15,012	16,457	14,952	15,701	16,126	—
Equity turnover £m	—	69.10	85.81	65.35	59.15	74.15	79.82
Equity bargains total	—	10,859	11,946	10,272	10,761	11,918	19,116

10 am 467.4. 11 am 465.4. Noon 464.7. 1 pm 464.4. 2 pm 464.4. 3 pm 464.3.

Latest Index 01-246 8026.

*Nil=6.97.

Basis 100 Govt. Sect. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.05 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (6/8)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex $pm	159.5 (6/8)	95.2 (2/11)	337.1 (3/4/74)	54.3 (25/6/76)

S.E. ACTIVITY

	Aug. 20	Aug. 17
—Daily		
Gilt Edged	117.1	123.8
Industrials	157.7	114.4
Speculative	22.2	15.3
Totals	87.8	76.5
5-d'y Av'r'ge		
Gilt Edged	123.9	131.4
Industrials	136.5	124.2
Speculative	22.8	25.9
Totals	83.0	85.5

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
ICI	£1	11	338	— 4	415	314
Shell Transport	25p	8	326	—	402	278
Stenhouse Hldgs.	25p	8	92	—	110	71
Blue Circle	£1	7	272	— 9	356	244
European Ferries	25p	7	135	— 3	163	121
GEC	25p	7	386	— 6	458	311
RTZ	25p	7	291	— 2	362	226
Royal Dutch	FL20	7	£33¼	— ¼	£47¾	£31½
Allied Breweries	25p	6	91	— 1	102	80
Barclays Bank	£1	6	430	—10	514	360
Boots	25p	6	189	— 3	238	177
Grand Met.	50p	6	141	— 4	178½	110½
Imperial Group	25p	6	93¼	— 1½	108	82
Marks & Spencer	25p	6	116	— 3	134	83
Spillers	25p	6	49	— 1	62	30½

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 20	Aug. 31	Nov. 15	Nov. 26
Sep. 3	Sep. 14	Nov. 29	Dec. 10
Sep. 17	Sep. 28	Dec. 20	Jan. 7

For rate indications see end of Share Information Service

Call options were dealt in Premier Oil, Avon Rubber, Penine Motor, Letraset, Culter Guard Bridge, Burmah, Wilkinson Warburton, Britannia Arrow, Burton Warrants, FNFC 9½ per cent Warrants, Fitch Lovell and RCA. A put was done in Decca, while doubles to be completed included Premier Oil and Burton Warrants.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (11)

BRITISH FUNDS (1)
Electric 4¼pc '74-79
STORES (1)
Cantors A
ELECTRICALS (1)
Wholesale Fittings
INDUSTRIALS (4)
Astbury & Madeley, United Carriers, Bodycote Intl., Western Board Mills
INSURANCE (1)
Stenhouse
PROPERTY (2)
Allied London, Chesterfield
TRUSTS (1)
Camellia Invs.

NEW LOWS (24)

BUILDINGS (1)
Whatlings
CHEMICALS (1)
Fisons
STORES (3)
Blackman & Conrad, Wallis, Boardman (K. O.) Intl.
ELECTRICALS (2)
Dale Electric, Fidelity Radio
ENGINEERING (4)
Aurora, Northern Eng., Hopkinsons, Triplex Foundries
FOODS (1)
Tate & Lyle
HOTELS (1)
Wheeler's Restaurants
INDUSTRIALS (4)
Dobson Park, Hestair, Dyson (J. & J.), Hoover A
MOTORS (1)
Kenning Motor
PROPERTY (1)
Carlton Real Estates
SHIPPING (1)
Mersey Dock Units
TOBACCOS (1)
Rothmans Intl.
TRUSTS (1)
Nippon Fund Stg.
TEAS (1)
Blantyre
MINES (1)
South Crofty

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	17	2	68
Corpns. Dom. and Foreign Bonds	8	11	49
Industrials	138	557	718
Financial & Prop.	22	265	[illegible]
Oils	6	26	7
Plantations	3	10	15
Mines	14	69	63
Others	79	23	46
Totals	284	968	1,186

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or —	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
‡‡	F.P.	24/8	75	60	Arrow Chemicals	70	—2	b2.0	2.3	4.1	15.1
‡‡	F.P.	—	88½	85	Barlow Hldgs.	86	—1	T2.6	1.1	4.4	29.8
80½	F.P.	27/7	105½	95½	Fairline Boats	98½	—2½	b5.2	2.5	7.6	7.1
160	F.P.	5/9	190	185	Mercantile House	190	......	10.72	2.5	8.1	7.8
‡‡	F.P.	10/8	47	26	Mettoy Dfd.	35	......	—	—	—	—
‡‡	F.P.	—	37	30	St. George Assets 10p	34	—1	bd1.0	1.5	4.2	22.0
160	F.P.	8/8	198	192	Standard Tel.&Cables	192	—2	b8.0	2.1	6.0	11.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or —
*91	F.P.	21/9	87	86	Aurora 8¼ Conv. Cum. Pref.	86	— 1
‡‡	F.P.	—	105p	101p	Bradford Prop. 10¼% Cum. Pref.	105p	......
100	F.P.	20/7	101¼	92	English & Overseas Inv. Conv.	93	......
*96½	£10	29/11	12¼	8⅝	Essex Water 8% Red Pref. 1984	11¼	— ½
‡‡	F.P.	—	73½	73	Lonrho 9% 2nd Mort. Deb. 87-92	73½	......
‡‡	F.P.	—	90½	89½	Do. 12½% 2nd Mort. Deb. 85-90	90½	......
‡‡	F.P.	—	99	97	Do. 12½% 2nd Mort. Deb. 80-83	98½	......
97	F.P.	—	99½	97¾	Scot. Agricultural Sec. 13½ Deb. 97-99	99	+ ½
100p	—	7/9	102p	100p	Stonehill 10½% Cum. Prf.	101p	......
*98	F.P.	24/8	101½	100¼	Sund. & S. Shields Water 8% 1986	101	— ½
*98	£10	18/10	13½	10½	Wrexham Water 8% 1984	13¼	......

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date		1979 High	1979 Low	Stock	Closing price p:	+ or —
14	Nil	23/8	21/9	5pm	3pm	Abwood Machine Tools	3pm	—1
26	Nil	24/8	14/9	46pm	48pm	Bank & Commercial	48pm	+2
110	Nil	—	—	20pm	20pm	Bank Leumi	20pm	......
A$2	Nil	—	—	52pm	37pm	Bank of New South Wales	52pm	+ 3
30	F.P.	3/8	24/8	41	39	Control Securities	39	......
21	Nil	—	—	4pm	4pm	Dares Estates	4pm	......
25	F.P.	15/8	17/8	51	38	Goodkind (W.)	42	—1
60	F.P.	3/8	7/9	82	77	Goldberg (A.)	81	......
50	F.P.	6/8	31/8	121	100	Hanson Trust	118	—2
47	F.P.	30/7	28/8	52	47½	Hargreaves	52	......
115	F.P.	30/8	21/9	135	124	Hay's Wharf	131	—4
88	F.P.	27/7	24/8	101	91	Highland Dist.	93	—1
155	F.P.	13/7	24/8	208	182½	Holt Lloyd Intl.	206	......
10	F.P.	5/7	7/9	118	107	Intl. Timber	117	—1
30	F.P.	—	—	41	36	Lennons	40pm	—1
110	Nil	—	—	13pm	12½pm	Letraset	12pm	......
5	Nil	29/8	18/9	5pm	3pm	London Inv. Trust	4½pm	—½
5cts	Nil	15/8	17/8	1pm	Nil	Ovenstone	Nil	......
157	F.P.	20/7	24/8	75	60	UBM	74	—1
10	nil	—	—	2pm	1pm	Yorkgreen Invs.	1½pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Aug. 20, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. Aug. 17 Index No.	Thurs. Aug. 16 Index No.	Wed. Aug. 15 Index No.	Tues. Aug. 14 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (172)	243.97	—1.6	17.72	5.84	7.25	247.95	249.25	246.76	247.73	245.88
2 Building Materials (27)	227.88	—2.0	18.27	5.86	7.14	[illegible]	232.96	[illegible]	226.45	222.85
3 Contracting, Construction (28)	369.83	—2.3	24.69	5.86	5.06	378.40	376.82	372.91	369.47	409.79
4 Electricals (15)	614.27	—1.4	13.29	3.78	10.08	623.03	626.27	623.15	626.84	532.09
5 Engineering Contractors (12)	354.58	—2.3	[illegible]	6.82	6.12	362.74	369.61	365.95	368.59	357.24
6 Mechanical Engineering (74)	174.64	—1.3	19.16	6.65	6.64	176.98	178.27	176.72	178.82	195.45
8 Metals and Metal Forming (16)	162.08	—1.2	19.31	9.24	6.44	164.11	165.43	164.23	165.60	179.38
11 CONSUMER GOODS (DURABLE) (52)	234.08	—1.0	15.70	4.99	7.99	236.49	238.05	235.93	235.71	222.13
12 Lt. Electronics, Radio, TV (16)	330.22	—0.5	12.23	3.82	10.56	332.00	334.53	331.46	332.40	273.57
13 Household Goods (13)	149.01	—1.5	19.54	7.33	6.28	151.34	151.77	150.34	150.24	185.99
14 Motors and Distributors (23)	113.91	—2.1	23.67	7.41	5.13	115.46	115.97	114.11	113.86	132.96
21 CONSUMER GOODS (NON-DURABLE) (171)	238.16	—1.6	16.49	5.96	7.59	242.08	244.15	241.31	241.29	222.40
22 Breweries (14)	284.02	—1.3	15.97	5.38	7.47	287.90	291.74	289.95	287.56	233.94
23 Wines and Spirits (6)	313.04	—1.2	17.56	5.74	7.11	316.90	322.64	321.99	319.99	288.18
24 Entertainment, Catering (17)	299.22	—2.3	16.56	6.80	7.92	306.22	313.92	312.78	311.87	278.99
25 Food Manufacturing (19)	205.18	—1.3	19.23	6.48	6.47	207.91	208.99	206.49	206.11	219.37
26 Food Retailing (15)	313.50	—1.2	11.80	4.08	10.11	317.44	320.00	316.65	318.48	229.14
32 Newspapers, Publishing (12)	416.52	—0.8	22.71	6.99	6.18	419.75	416.33	414.41	411.33	397.67
33 Packaging and Paper (15)	127.59	—1.3	23.04	8.73	6.62	129.28	129.58	127.63	126.86	147.10
34 Stores (41)	248.45	—2.0	11.79	4.29	11.12	253.42	254.86	251.15	251.41	213.21
35 Textiles (23)	155.52	—1.3	23.50	9.91	5.39	157.61	157.39	154.66	155.63	184.12
36 Tobaccos (3)	241.38	—1.7	28.77	9.21	4.78	245.52	247.49	244.99	245.49	259.95
37 Toys and Games (6)	78.89	—0.5	21.91	8.54	5.80	79.25	79.25	78.76	78.21	120.66
41 OTHER GROUPS (99)	201.76	—1.2	15.79	6.23	7.80	204.14	205.65	202.69	202.74	215.08
42 Chemicals (18)	278.70	—1.1	18.21	6.93	6.41	281.74	283.81	280.31	280.63	305.66
43 Pharmaceutical Products (7)	224.65	—0.7	12.49	4.88	9.79	226.27	229.73	224.47	225.38	283.63
44 Office Equipment (6)	116.70	—2.1	16.94	7.19	7.41	119.22	120.39	119.09	120.58	135.61
45 Shipping (10)	445.89	—0.8	10.54	6.73	12.70	449.62	453.07	457.81	458.45	425.92
46 Miscellaneous (58)	242.36	—1.4	16.06	6.04	8.02	245.68	246.44	243.29	242.92	229.85
49 INDUSTRIAL GROUP (494)	237.70	—1.5	16.55	5.92	7.57	241.23	243.00	240.22	240.39	233.81
51 Oils (6)	628.55	—0.3	12.65	6.76	8.41	630.24	639.56	641.04	636.29	515.47
59 500 SHARE INDEX	269.50	—1.3	15.89	6.07	7.71	272.95	275.30	272.79	272.60	257.48
61 FINANCIAL GROUP (116)	190.22	—1.4	—	5.56	—	193.00	194.42	191.62	191.17	175.88
62 Banks (6)	219.16	—2.1	37.72	5.85	3.39	223.77	226.78	222.26	222.56	194.49
63 Discount Houses (10)	263.09	—0.7	—	6.98	—	264.96	264.96	263.39	264.30	215.17
64 Hire Purchase (5)	169.00	—2.0	19.63	5.14	6.53	172.44	169.63	167.71	169.86	166.38
65 Insurance (Life) (10)	151.51	—2.1	—	6.71	—	154.82	155.06	150.83	150.12	150.31
66 Insurance (Composite) (8)	123.95	—1.6	—	7.58	—	126.02	127.86	125.46	125.54	135.51
67 Insurance Brokers (10)	269.83	+0.1	18.55	6.80	7.72	269.54	266.49	267.61	267.24	357.11
68 Merchant Banks (14)	99.37	—0.2	—	5.54	—	99.55	99.79	99.40	99.24	84.25
69 Property (43)	368.77	—1.1	3.30	2.48	44.33	372.90	374.71	372.54	368.93	261.23
70 Miscellaneous (10)	118.46	—0.5	15.71	7.48	8.16	119.04	118.80	117.61	117.55	113.45
71 Investment Trusts (110)	212.97	—1.0	—	5.35	—	215.22	215.34	212.74	212.10	238.43
81 Mining Finance (4)	122.73	—0.7	16.23	6.16	7.55	123.56	125.44	124.82	123.13	109.91
91 Overseas Traders (20)	342.09	—0.9	15.39	7.45	7.94	345.20	343.77	343.03	341.75	330.05
99 ALL-SHARE INDEX (750)	247.11	—1.3	—	5.97	—	250.27	252.21	249.71	249.36	236.50

FIXED INTEREST PRICE INDICES

British Government	Mon., Aug. 20	Day's change %	xd adj. today	xd adj. 1979 to date
1 Under 5 years	105.19	+0.11	0.03	6.45
2 5-15 years	118.24	+0.02	0.27	7.33
3 Over 15 years	125.85	+0.12	0.37	9.00
4 Irredeemables	138.76	—	—	7.34
5 All stocks	115.46	+0.09	0.21	7.57

FIXED INTEREST YIELDS British Govt. Av. Gross Red.		Mon. Aug. 20	Fri. Aug. 17	Year ago (approx.)
1 Low Coupons	5 years	9.87	9.88	8.76
2	15 years	10.42	10.43	10.95
3	25 years	10.98	10.98	11.66
4 Medium Coupons	5 years	11.83	11.89	11.58
5	15 years	11.96	11.96	12.13
6	25 years	8.00	8.00	12.15
7 High Coupons	5 years	12.23	12.27	11.59
8	15 years	12.43	12.44	12.60
9	25 years	12.33	12.36	12.82
10 Irredeemables		10.69	10.69	11.65

	Mon., Aug. 20 Index No.	Mon., Aug. 20 Yield %	Fri. Aug. 17	Thurs. Aug. 16	Wed. Aug. 15	Tues. Aug. 14	Mon. Aug. 13	Fri. Aug. 10	Thurs. Aug. 9	Year ago (approx)
15 20-yr. Red. Deb & Loans (15)	58.53	12.69	58.48	58.49	58.42	58.41	58.41	58.35	58.34	57.78
16 Investment Trust Prefs. (15)	50.89	13.18	50.89	50.89	51.11	51.11	50.69	50.69	50.69	51.84
17 Coml. and Indl. Prefs. (20)	71.14	12.69	71.29	71.29	71.40	71.40	71.44	71.57	71.57	70.14

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

هكذا من الأصل

AUTHORISED UNIT TRUSTS

Frizzington Unit Mgt. Ltd. (a)(c)				
64, London Wall, EC2M 5NQ.				01-628 5181
American	50.8	54.0	+2.3	1.05
Capital Tst.	159.8	164.8	.....	3.73
Income Tst.	118.2	125.6	.....	7.75
Int. Growth Fd.	128.4	136.4	.....	2.17
Do. Accum.	134.2	142.6	.....	2.17

Exempt July 31	100.7	104.7	.....	6.40
MLA Unit Trust Mngmt. Ltd.				
Old Queen Street, SW1A 9JG.				01-222-8177
MLA Units	54.6	57.4	.....	3.69

NOTES

Prices do not include $ premium, except where indicated♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium assurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

INSURANCE & PROPERTY BONDS

OFFSHORE & O'SEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

1979 High	Low	Stock	Price	+ or −	Int.	Red.
107	100	Do. 14pc '79	101	......	14.24	—
103¼	98¼	Do. 14pc '83	104	−¼	13.47	12.74
86½	77½	ICFC 5½pc Deb. '80-82	83½xd	......	6.58	11.90
85	71½	Do. 6¼pcDb. '81-84	79½	......	8.04	12.10
99	84½	Do. 10½pc Uns.Ln. '86	93	......	11.46	12.40
99	84½	Do. 11pc Uns.Ln. '88	95	......	11.51	12.10
101½	84	Do. 11¾pc Uns.Ln. '90	96½	......	12.35	12.60
72½	57	Do. 7¼pcADeb. '89-92	66½	−¼	11.18	12.90
69	53½	Do. 7¼pcA Db. '91-94	64½xd	+½	11.24	12.60
81½	64½	Do. 9pc 'A' '91-94	75½xd	......	11.92	12.70
76½	62½	Do. 8⅞pcLn. '92-97	72½xd	......	12.24	12.70
102	95½	Do. 12½pc. Uns. Ln. 1992	98½xd	......	12.69	12.70

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 11¾% (based on US$2.2105 per £)
Conversion factor 0.8961 (0.8644)

CANADIANS

S.E. List Premium 11¾% (based on $2.5858 per £)

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's	P/E
224	152	Com'l Aus. ($A1)	150	−2	[illegible]	2.9	5.6	8.2
£17¾	950	Com'zbk DM 10$	998p	......	Q26.0%	—	6.8	—
£18½	£10¼	C'hgn.Hbk.Kr100	£10¼	......	Q12%	—	11.7	—
41	29	Corinthian 10p	38	......	1.05	5.9	3.9	4.4
£24¼	£15	Cred. France F75	£17	......	Q9.87%	—	5.3	—
16	12	Dawes (G. R.)	13	......	—	—	—	—
£121	£64	Deutsche Bank DM50	£67	......	Q28.12%	—	5.1	—
90	63	F. C. Finance	63	......	2.2	4.9	5.0	5.8
8¼	5¼	First Nat. 10p	5¼	−¼	—	—	—	0.4
4	2	Do. Wrrts. 75-83	2½	......	—	—	—	—
266	178	Gerrard Natnl.	266	......	9.12	—	4.9	—
62	39	Gibbs (A.J.)	53	......	2.2	—	5.9	—
270	217	Gillett Bros. £1	226	+3	†16.95	—	10.7	—

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INDUSTRIALS—Continued

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
64	48	Hargreaves 20p	53	......	F3.95	2.5	10.6	4.7
170	90	Harris (Ph.) 20p	102	−1	5.0	4.3	7.0	4.3
39	33	Harris & Sheldon	39	−1	h2.21	2.2	8.1	8.2
*72	53	Hawkins & Tipson	55	+1	4.46	2.4	11.6	4.1
19½	12¼	Hawtin 5p	14¾	+¼	0.25	6.7	2.5	6.5
78	54	Hay (Norman) 10p	54	......	2.7	1.8	9.8	8.2
*164	126	Hay's Wharf £1	131	−3	F7.21	2.3	7.9	7.4
60	27	Hensher 'A' 10p	54	−3	d1.1	6.3	2.9	7.8
134	74½	Hepworth Ceram.	108½	−½	3.68	3.6	4.8	7.4
76	36	Hestair	36	−1	3.5	—	13.9	—
50	25	Hewitt (J.) 5p	37	+1	1.28	6.3	5.2	3.9
72	44	Highgate & Job 50p	44	......	—	—	—	—
100	77	Hill (Chas.) £1	77	......	d2.0	—	3.7	—
*49½	29	Hirst Mal'son 20p	37	......	†2.6	3.6	10.5	3.6
96	78	Holden (A.)	87	......	4.0	3.4	6.6	5.9
75	53	Hollis Bros	60	......	5.12	ϕ	12.2	ϕ
209	148	Holt Lloyd Int. 10p	204	−2	H9.0	2.3	6.3	11.2
222	135	Hoover 'A'	135	−5	12.0	1.1	13.2	8.9
163	130	Hoskins & H 20p	138	......	10.39	1.4	10.6	8.6
47	23½	Howard Tenens	43½	−1½	1.91	1.9	6.3	10.0
258	142	Hunting Assoc.	235	......	2.44	11.4	1.5	6.7
89	43	Huntleigh 10p	83	−2	0.76	6.5	1.3	15.1
74	40	Hutch Whamp SHK1	50	−2½	Q23c	2.5	4.4	9.1
33	22	Hyman (I. & J.) 5p	24½	......	d0.96	3.6	5.6	7.1
137	95	IIAS Cargo Air	113	−4	d3.0	ϕ	3.9	ϕ
190	135	Do. 6% Cnv. Pref.	168	......	6.0%	ϕ	5.1	—
£20¾	£11⅞	I.C. Industries$	£13¾	−¼	Q$1.52	—	5.0	—
545	420	ICL £1	475	......	†8.29	8.0	2.5	5.2
543	358	Imp. Cont. Gas £1	518	−2	18.09	2.5	5.0	8.9
33	25	Ingall Inds. 10p	25	......	†1.87	1.6	10.7	8.3
146	85½	Initial Services	113	−1	5.5	2.5	7.0	6.7
31	16	Inter-City 20p	22½	−½	1.17	4.0	7.4	3.9
175	72	Jacksons Bourne	135	+5	ϕ3.0	ϕ	3.2	ϕ
80	47	James (John)	80	......	ϕd3.05	ϕ	5.4	ϕ
19	15¼	Jarvis (J.) Inds. 20p	17¼	−½	d0.5	ϕ	4.1	ϕ
206	100	Jardine M. SHK6	112	−6	Q71c	2.2	6.1	7.4
34½	30	Jentique	34½	......	†2.22	1.4	9.2	10.7
15½	9	Johnson & Barnes	10	......	—	—	—	—
159	105	Johnson Clnrs.	159	......	5.06	3.7	4.5	6.4
*260	185	Johnson Mthy. £1	208	......	8.5	ϕ	5.8	ϕ
47	36	Jourdan (T.) 10p	42	+1	3.22	1.1	11.0	(11.8)
71½	35½	Kalamazoo 10p	53½	......	†2.16	1.8	5.8	13.6
192	107	Kelsey Inds.	145	......	†3.61	7.5	3.6	5.3
60	40	Kennedy Sm. 10p	48	−5	H1.77	3.1	5.3	9.7
£14½	925	Kershaw (A.) 5p	£10¾	......	†23.25	2.0	3.1	18.4
78	61½	Kleen-E-Ze Hldgs.	65	......	4.5	ϕ	9.9	ϕ
133	92	L.C.P. Hlds	126	+1	5.5	2.3	6.2	8.7
43	33	L.K. Ind'l. Invs.	33	......	d2.9	1.6	12.6	(6.0)
41½	26	L.R.C. Int. 10p	29½	−1	2.23	1.4	11.4	8.4
100	57	Lawtex	74	+3	†3.22	5.2	6.2	3.1
184	135	Lead Inds. 50p	154	−1	8.23	3.1	7.6	5.1
105	59	Leavenwell Sterling	100	......	h2.57	4.2	3.7	9.1
65	41	Le Bas (Ed)	65	......	1.84	7.5	4.0	4.0
50	33½	Lebaff Fobel 10p	41	−2	2.0	ϕ	7.1	ϕ
307	237	Lep Group 10p	295	......	12.5	2.2	6.1	8.9
89	44	Lesney Prods. 5p	55	−1	d3.24	3.2	8.4	(4.0)
*160½	118½	Letraset 10p	119xr	−3	t7.14	ϕ	8.6	ϕ
153	115	Lindustries	141	......	ϕ9.9	2.1	10.5	5.7
48	34¾	Lon. & Nthn. Grp.	39	−1	3.35	2.6	12.3	4.5
18	10	Long Hmbly. 10p	14	+½	†0.4	6.5	4.1	3.8
89	68	Longton Trans.	88	−1	ϕ4.5	ϕ	7.6	ϕ
93	64	Lonsdale Univrsl.	69	......	†4.14	2.6	8.6	5.0
211	160	Low & Bonar 50p	165	......	12.16	2.4	10.5	4.7
63	44	M.Y. Dart. 10p	55	......	ϕ2.43	3.0	6.3	6.4
167	113	M'c'rthy Ph. 20p	150	−2	6.5	ϕ	6.2	ϕ
88	64	Macfarlane Gp.	88	......	b3.43	2.4	5.6	10.8
17	11½	McCleery L'A	14½	......	0.5	3.5	4.9	(6.3)
27	23	MacLellan (P. & W.)	25	......	1.79	2.2	11.1	(4.7)
*121	71½	Macpherson (D.)	100	......	t4.28	5.5	6.6	4.6

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AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
14	4	ACM 20c	10	......	—	—	—
171	100	Bougainville 50 Toea	128	−2	†Q15c	1.6	6.2
140	84	BH South 50c	110	−1	—	—	—
860	540	Central Pacific	780	......	—	—	—
318	170	Conzinc Riotinto 50c	218	+2	NQ10c	2.0	2.4
36	16	Cultus Pacific N.L.	19	......	—	—	—
13	5	Eagle Corp. 10c	9½	......	—	—	—
21½	11	Endeavour 20c	14½	......	—	—	—
98	62	G.M. Kalgoorlie $1	86	+1	ZQ3c	—	1.8
42	23	Haoma Gold N.L.	30	......	—	—	—
220	145	Hampton Areas 5p	215xd	−5	3.5	2.8	2.3
71½	25	Metals Ex. 50c	43	......	—	—	—
275	168	M.I.M. Hldgs. 50c	201	−1	†Q9c	1.7	2.3
15	15	Mineralfields Expl.	15	......	—	—	—
74	30	Mount Lyell 25c	46	......	—	—	—
44	14	Newmetal 20c	15	......	—	—	—
141	91	North B. Hill 50c	109	−1	†Q8c	1.3	3.8
22	11	Nth. Kalgurli	13	......	—	—	—
40	22	Nth. West Mining	29	......	—	—	—
137	76	Oakbridge $A1	89	−2	Q12c	1.9	7.1
40	22	Otter N.L.	36	−2	—	—	—
120	59	Pacific Copper	109	+1	—	—	—
910¾	625	Pancont'l 25c	760	−2	—	—	—
25¾	15½	Paringa Min & Ex. 5p	22½	......	—	—	—
510	260	Peko-Wallsend 50c	350	......	Q15c	3.3	2.2
340	145	Southern Pacific	300	......	—	—	—
29	11	Swan Resources 20c	18	......	—	—	—
16	12	West Coast 25c	13	......	—	—	—
168	121	Westn. Mining 50c	160	−3	Q7c	0.7	2.4
11	7	Westmex	10	......	—	—	—
65	50	Whim Creek 20c	60	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27	......	2.81	1.3	14.9
435	265	Ayer Hitam SM1	330	......	Q300c	0.5	19.5
72	51	Beralt Tin	51	......	4.0	3.3	11.2
270	175	Berjuntai SM1	190	−5	Q95c	ϕ	11.6
160	125	Geevor	120	......	8.71	3.1	9.6
10½	3	Gold & Base 12½p	8	......	—	—	—
365	295	Gopeng Cons.	310	......	†18.0	1.4	8.3
370	295	Hongkong	320	......	†12.5	2.8	5.6
98	64	Idris 10p	65	......	†8.0	1.6	13.4
14	9½	Jantar 12½p	11	......	—	—	—
95	58	Kamunting SMD 50	83	−2	Q47½c	ϕ	13.8
620	210	Killinghall SM1	340	......	—	—	—

COPPER

MISCELLANEOUS

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$16	−½	Q200c	ϕ	15.1
$15¼	890c	East Drie R1	$10⅞	−½	†Q115c	1.6	11.1
$10¼	355c	East Rand Prp. R1	955c	−12	†Q10c	—	1.3
$27⅞	$12¼	F.S. Geduld 50c	$27	−⅞	†Q325c	2.6	14.1
$19⅞	$11½	Pres. Brand 50c	$25¾	−⅛	†Q250c	3.2	9.7
$18⅛	$10¼	St. Helena R1	$17⅞	−¼	†Q190c	1.4	13.4
760c	407c	Stilfontein 50c	700c	−10	†Q66c	1.7	11.4
$25¾	$13⅞	Vaal Reefs 50c	$23¼	−¼	†Q235c	2.7	11.2
$50½	$25½	West Drie R1	$45⅞	−1	Q615c	ϕ	16.4
$36⅛	$22½	West. Hldgs. 50c	$33¾	−½	†Q415c	1.4	15.4
$18½	$10⅞	Western Deep R2	$15	−¼	†Q147½c	2.1	12.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ⊕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ϕ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∇ Excluding a final dividend declaration.
- ☆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. R Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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FINANCIAL TIMES

Tuesday August 21 1979

Indian Prime Minister quits

BY K. K. SHARMA IN NEW DELHI

INDIA WAS plunged into a fresh political and constitutional crisis yesterday when Mr. Charan Singh resigned as Prime Minister minutes before he was to face a confidence vote in the Lok Sabha (Lower House of Parliament). Another spell of instability now seems certain.

Mr. Charan Singh's government lasted 24 days, the shortest spell of any Indian Cabinet. He quit when Mrs. Indira Gandhi announced that her Congress faction in the Lok Sabha would vote against him. This reduced Mr. Charan Singh's coalition to a hopeless minority, and anticipating defeat, he resigned. The Lok Sabha was adjourned after pandemonium for nearly 30 minutes.

The resignation came after an emergency Cabinet meeting in which it was decided that the Prime Minister should recommend to Mr. Reddy, the President that the Lok Sabha be dissolved and fresh elections held.

Mr. Charan Singh could have set off a major constitutional crisis. Many politicians yesterday questioned his decision on the ground that he avoided facing Parliament on a confidence vote.

The support of the 72 Congress faction members in the Lok Sabha was crucial for Mr. Charan Singh's survival.

The first to contest Mr. Charan Singh's right to seek a dissolution of the Lok Sabha was Mr. Jagjivan Ram, leader of the opposition, and the Harijan (Untouchable) leader of the disintegrated Janata party which trounced Mrs. Gandhi in 1977. Although it has broken apart, the Janata is still the largest party in Parliament with 206 members out of 542.

On this basis, Mr. Ram met the President and staked his claim to form a government. If the President rejects Mr. Charan Singh's advice to dissolve the Lok Sabha, he is expected to give Mr. Ram a chance to form a government. Mr. Ram would be the first Untouchable to be Prime Minister.

'Wait and see'

There was strong pressure on the President yesterday not to dissolve the Lok Sabha. It is not known when he will announce his decision but it is significant that he has not acted immediately. Under the constitution, the President is bound to act on the advice of the cabinet but obviously Mr. Reddy feels that Mr. Charan Singh avoided facing parliament and so may not be enttiled to this right.

Mrs. Gandhi yesterday avoided committing herself to support for Mr. Ram should he be asked to form the government. "Wait and see. We will cross that bridge when it comes," she said.

She did not say why she announced that her Congress faction would vote against the confidence motion, but it is thought that it was because of Mr. Charan Singh's refusal to meet her terms.

These included withdrawal of cases of corruption and abuse of power against herself, her son Sanjay and their supporters now being heard in special courts.

Mr. Charan Singh also refused to meet Mrs. Gandhi until after the confidence vote. This must have further annoyed her and added to her determination to bring down the Government

Jaguar deal Page 3

Loan of £68m for Beatrice Field

BY RAY DAFTER, ENERGY EDITOR

A CONSORTIUM of seven international banks is lending the U.S. Kerr McGee group $150m (£68m) as part of the financing arrangements for development of the North Sea Beatrice Field.

Kerr McGee Oil (UK), British subsidiary of the group, has a 25 per cent stake in the field, which is being exploited under the operation of the British National Oil Corporation at a cost of $755m (£343m).

Morgan Guaranty Trust of New York, First National Bank of Chicago and First National Bank of Dallas are joint managers of the loan, which is backed by limited recourse to Kerr McGee's parent.

Kerr McGee has agreed to indemnify the banks against failure to complete the field's development, and to maintain the specified level of production.

Other banks involved in the loan are National Westminster, Bank of Scotland, Citibank, and Den Norske Kreditbank.

The Beatrice Field lies some 12 miles offshore in Moray Firth, in Block 11/30. Its recoverable reserves are estimated to be 160m barrels. Its peak production should be about 80,000 barrels a day.

Oil is due to begin flowing ashore, via a 49-mile pipeline to a Nigg Bay terminal and storage facility, in May 1981.

● Conoco, another U.S. energy group, took an important step toward bringing on stream a North Sea field when it began to position the production platform for the Murchison Field, 120 miles north-east of the Shetland Islands.

The 25,000-tonne steel platform was pushed from its supporting barge into 512 feet of water. The structure, which was floating on its side yesterday, was being positioned before upending and placing on the seabed.

Conoco, as operator of the field, said the platform structure was the largest to be launched from a barge.

It is expected that the field, estimated to cost $950m (£432m) to develop, will be brought on stream in the second half of next year.

Recoverable reserves are estimated at about 380m barrels, while output should reach 150,000 barrels a day.

Discovered in 1975, the field is being exploited by a consortium which includes Gulf Oil and BNOC.

Move to break engineers deadlock

BY CHRISTIAN TYLER, LABOUR EDITOR

MOVES to break the deadlock in the national engineering pay dispute were under way yesterday as the third one-day strike by an estimated 1m workers showed little sign that either employers or unions are weakening.

An invitation to meet the Advisory, Conciliation and Arbitration Service again on Friday has been accepted by the unions, according to Sir John Boyd, general secretary of the Amalgamated Union of Engineering Workers yesterday.

ACAS could not confirm his statement last night, but said it was in touch with both sides.

Meanwhile, two companies were named as having resigned from the Engineering Employers' Federation after making their own deals.

They are Oldham and Sons, the battery manufacturer in Denton, near Manchester, and Street Crane at Chapel-en-le-Frith, Derbyshire. The EEF confirmed the resignation of Oldham.

Another firm listed among the federation's members, Hotpoint, in Llandudno Junction, North Wales, reached an agreement over the week-end. Its 1,200 workers did not join the strike yesterday. It is not yet clear whether this represents another break in the ranks.

All 6,500 EEF members were sent letters yesterday by Mr. Anthony Frodsham, director-general, claiming that union members "seem to have little heart for the present dispute."

The letter asked chief executives to confirm the "path of solidarity and determination" in resisting the unions' pay claim. The EEF has threatened defectors with what amounts to expulsion.

The EEF said six member firms had given in and two had withdrawn their pay offer. Sir John Boyd claimed that more than 100 companies had capitulated, of which many were EEF members.

In Birmingham, about 2,000 workers marched through the city and were heckled by 50 women from local Lucas factories claiming that workers were being frightened into taking action and calling for a ballot.

A march and rally in Liverpool was poorly supported, but most North-West factories were shut. At Ilkeston, Derbyshire, the Stanton and Stavely steelworks union notice-boards carried the warning that any strike-breaker would be "expected to face the consequences."

Some employers are now considering whether to break with recent tradition and call a retaliatory lock-out if the Confederation of Shipbuilding and Engineering Unions carries out its threat to call two-day strikes starting from September 3. The unions have said they will continue the overtime ban which is said by employers to be having the most serious effects on output and delivery targets.

Mr. Frodsham's letter makes it clear that the EEF sees the fight as a test of employer resistance at the start of the new pay round.

The engineering unions are claiming a minimum rate of £80 a week for skilled men and shorter hours. The Federation has offered £70 and will make no move on hours. Minimum rates, set by national bargaining, are generally exceeded in factory deals, but determine the level of overtime and shift pay.

Carter to seek oil cash for pipeline

By Stewart Fleming in New York

THE U.S. Government, in an effort to clear the way for construction of the 4,800-mile Alaskan natural gas pipeline, is looking for ways to get the major oil companies who own the gas—Exxon, Atlantic Richfield and Standard Oil of Ohio, BP's U.S. subsidiary, involved in the financing.

The Administration's moves represent a shift of policy compared with the initial decision in 1977 to back a consortium proposing to build a line through Alaska and Western Canada to bring the 27 trillion cubic feet of gas in the Prudhoe Bay oil field to U.S. markets.

They are a further sign of the new sense of urgency which Washington is bringing to proposals to construct the line.

The enormous cost of the project, estimated now at anywhere between $12bn and $19bn (£5.4bn-£8.6bn) depending on assumptions about inflation and the timing of construction among other things has always posed a serious problem to plans to build the line.

It became an even bigger hurdle when a consortium led by Northwest Energy was selected as the group to build the U.S. portions of the line. The companies involved are all too small to support the immense debt burden construction of the line will require and to bear the risks associated with construction.

For this reason there has been extensive discussion about the possibility of Government guarantees for the financing in order to bring the big banks and insurance companies into the project.

But the Administration appears to be reluctant to follow the Government guarantee route, partly because it could result in further delays and require Congressional action.

The attempt to get the oil companies involved in some way has many attractions. Precisely how this can be accomplished promises to be a complex problem. One possibility apparently under discussion is that the companies finance prospective costs overruns should they arise.

Kevin Done, Energy Correspondent writes: Talks between the U.S. and Mexico over the supply of about 300m cubic feet a day of Mexican natural gas have run into problems over drawing up a formula for linking the gas price to the price of other fuels in the U.S.

THE LEX COLUMN

The trade winds blow warmer

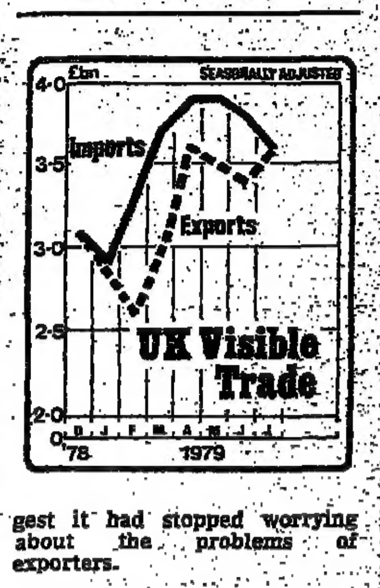
Over the last few months the Department of Trade has turned in a series of outstanding performances in its traditional role of bearer of bad news. But yesterday the mask slipped—the trade figures for July, which show rough balance on visible account and a current payments surplus of £100m or so. Exports have recovered a little, while imports, in value terms, were 8 per cent below the peak of April and May. There was some help from the terms of trade — sterling, after all, reached its highest point in July.

It would be premature to conclude on the basis of one month's figures that the trend in the current balance is favourable. For one thing, it is almost impossible to extract a sensible trend from this year's figures; even though adjustment for the under-recording of imports has been made, the road haulage strike has left deep scars in the first six months' data. As this strike distorted real events, rather than just the recording of information, it cannot be smoothed away by statisticians. But for what it is worth it looks as though the second quarter's trade balance may, on an underlying basis, have been rather worse than the first quarter's, which makes the improvement in July both more welcome and more suspect.

But the oil account is now more or less in balance, and should move gradually into surplus. Although exports may suffer from loss of competitiveness, slowing economic activity in Britain should restrain imports. To some extent the April-May hump in imports is mirrored by the bulge in retail sales, which now seems to be over, although there may be restocking of imported goods in anticipation of pre-Christmas spending boosted by tax rebates. Overall, it seems reasonable to hope that rough balance may not be an abnormal outcome in the next few months, although that would leave a substantial current account deficit for 1979 as a whole.

The financial markets certainly seemed to find the figures reassuring — gilt-edged and sterling made some progress after an apprehensive morning. Even the equity market, where at 3 o'clock the FT 30-Share Index was recording a fall of 9.9 points, showed some recovery, but not enough to suggest it had stopped worrying about the problems of exporters.

Index fell 6.8 to 467.4



U.S. interest rates

Despite the rise in U.S. interest rates recently engineered by the Fed under the new leadership of Mr. Paul Volcker, just about everything points to the probability that these rates have further to go. Mr. Volcker appears to be focusing his attention upon money supply and inflation—rather than upon the dollar exchange rate—and it is these two figures which most clearly show the Fed's problem.

The money supply, M1, grew at an annual rate of 11 per cent in July and though the figure is expected to moderate somewhat in August, U.S. bank economists are unanimous that the aggregate growth over the most recent three months has been much too large. Meanwhile the latest figures for producer prices, showing a 1.1 per cent rise during July, confirm that U.S. inflation is now lodged at above 12 per cent.

The moves so far towards tighter credit do not seem to be biting. There is still a lively demand for bank loans and it is being satisfied. It is widely noted that inflation has outstripped the rise in U.S. interest rates over the past year. So despite a tightening of U.S. monetary policy there has been a shift from positive to negative real rates of interest.

For the overseas investor this gradual erosion of the value of U.S. interest rates has been made visible in another way: the interest rates available on the hard European currencies have been moving up towards U.S. rates. The German inter bank rate has put on 1 per cent since the end of June to 6.5 per cent, whereas the U.S. Federal funds rate has moved up by half that amount to 11 per cent.

The result is that the foreign exchange markets now appear to require recurrent evidence of gradual tightening by the Fed to preserve an uneasy stability in the dollar rate. The same goes for the U.S. bond market, where investors need the same evidence to be persuaded to discount a drop in inflation beyond 1980.

Under these conditions the only question is by how much and in what manner U.S. rates will move upwards from here.

Reliance/RIT

Last night's news that Reliance Group is to buy a fifth of the fully diluted equity of Rothschild Investment Trust may surprise anyone in the UK who only knows Mr. Saul Steinberg, its chief executive, as the brash gunslinger who received a bloody nose in the Pergamon affair 10 years ago. The years have brought stature to Mr. Steinberg—and a very big balance sheet. What was a computer leasing business with some innovative accounting conventions is now a heavyweight insurance operation.

Moreover, the current deal is being struck in a much more satisfactory manner than Continental Corporation's messy first-come first-served bid for a fifth of Stenhouse. That deal, by coincidence, went through yesterday. Reliance's offer is being made to all shareholders at 300p per share, roughly the same premium over the market price (249p) as Continental paid for Stenhouse. RIT's shares, cum the bid, are worth 260p each—plus, maybe, a little bit extra for the excitement of the new connection.

It is hard to be sure why Reliance is so keen on the deal. It proposes to put its shares in a voting trust with certain Rothschild family interests which means effectively that they will be able to block any Reliance proposal that they do not like. And the offer seems to have nothing to do with RIT's recent announcement that it might increase its 11.4 per cent holding in the bank, N. M. Rothschild and Sons. Reliance does not have any grand plan for its new investment. So this may simply be a case of two entrepreneurial groups deciding to form a closer link after years of friendly acquaintanceship.

Cornish yard closure

BY ROSIN REEVES

THE CORNISH ship repair yard of N. Holman and Sons Penzance is to close with the loss of 110 jobs. Management said yesterday that the yard was the victim of the one-day strikes and overtime ban by engineers.

Mr. Anthony Holman, managing director, said the dispute had resulted in contracts being cancelled and there was no further work available. But employees said the yard had been short of work for some time.

The yard is a long-established business with a dry-dock suitable for coasters and small tankers. Although able to take only one vessel at a time, it has competed successfully for business in recent years by quoting continuous working time contracts involving significant overtime, thus keeping the period during which vessels are out of service to a minimum.

But because of the disruption and uncertainty caused by the strikes and overtime ban, the company has become unable to continue quoting continuous working prices.

Dismissal notices were given to the workforce with effect from last Friday. However, hopes were being expressed yesterday by union and local government officials that the company's decision was not irrevocable.

In the meantime, the closure is a serious blow to the local Penzance economy. The repair yard has been an important employer in an area where male unemployment is already running at some 11 per cent. For Cornwall as a whole the unemployment rate is 9 per cent.

Reliance in £16.2m bid for 20.1% of Rothschild Investment

BY JAMES BARTHOLEMEW IN LONDON AND STEWART FLEMING IN NEW YORK

RELIANCE, formerly Leasco—the computer-leasing company which fought with Mr. Robert Maxwell for control of Pergamon Press—is to bid £16.2m for a 20.1 per cent stake in Rothschild Trust in a deal announced yesterday.

The deal means a new association between N. M. Rothschild, one of the inner circle of City merchant banks, and Reliance, a major U.S. insurance group.

The investment trust is closely connected with N. M. Rothschild. The trust holds an equity stake of 11.4 per cent which may increase "according to its last report to share holders."

The bank, in its turn, holds an 8.9 per cent stake in the investment trust and five of its directors are on the board. The bank is investment adviser to the trust.

The association between a British merchant bank and a large American insurance group is not without precedent. The Prudential Insurance Company of America has a 9.5 per cent stake in Hambros, the holding company of Hambros Bank.

'Small stake'

But Rothschild Investment Trust last night played down the possibility of co-operation between the bank and Reliance, saying that the deal was between Reliance and the trust. Rothschild said that Reliance's stake in the bank would be relatively small and indirect and it had not been thought necessary to obtain the approval of the Bank of England, which keeps and eye on the ownership of the accepting houses — the top merchant banks.

Reliance's history includes an attempt to gain control of Chemical Bank in the 1960s. In the seventies it has grown quickly and in 1978 it made after-tax profits of $103m.

Rothschild Investment Trust has also been one of the more adventurous financial institutions recently, coming into conflict with Harrisons and Crosfield, one of the biggest plantation companies in the world, when joining a consortium to bid for London Sumatra, one of Harrison's associate companies.

The trust and Reliance hope to benefit from each others investment ideas and contacts. The deal was "totally logical" said RIT yesterday. It would help the trust to develop internationally, he said.

The offered price of 300p per share compares with a market price last night of 249p and fully diluted net assets of 345p per share.

Continued from Page 1

Shell makes profit

ducts remained at about last year's level. However, the company does not expect to implement further price rises this year.

Mr. Desmond Watkins, managing director of Shell UK Oil, said the supply situation was substantially easier than earlier this year. Demand in the second half of this year was expected to be some 3 per cent lower than in the first six months. There were three main reasons for this: warmer weather, a public response to conservation, and a greater emphasis on coal burning by the electricity industry.

Providing that there were no unforeseen events in the Middle East and elsewhere the oil supply position should remain reasonably favourable, Mr Watkins said. Stocks, run down by the demands of a hard winter, had been restored to last year's level. The strength of sterling had helped persuade Shell that there was now no need for a further 1p to 2p a gallon rise in the price of petrol.

Mr. John Jennings, managing director designate of Shell Expro, the company's oil exploration and production wing, said the group was considering the development of several new North Sea discoveries.

The South Cormorant Field, on which £600m was being spent by Shell and Esso, was due to begin production around the end of the year.

Continued from Page 1

Surplus

Although the second half performance should be better than in the first half, the latest surveys point to only a small growth of exports because of the slower expansion of world trade and the recent rapid erosion of the competitive position of UK goods.

The recent strength of sterling has, however, meant that the trade figures are better than they would otherwise have been.

Over this period, export prices have risen by 6 per cent. Fuel prices have increased especially sharply and rises in domestic costs have worked through to the price of manufactured exports.

Weather

UK TODAY

CLOUDY with rain becoming brighter with squally showers and strong winds.

London, S.E. England, E. Anglia
Cloudy with rain becoming brighter. Max. 17C (63F).

Midlands, E. England, Channel Isles
Bright or sunny intervals with showers. Max. 16C (61F).

S.W. England, Wales, North and N.E. England
Mainly cloudy with some bright periods and showers. Winds strong to gale. Max. 16C (61F).

Scotland, Ulster, Orkney
Mainly cloudy with rain and strong to gale winds. Max. 14C (57F).

Outlook: Cool, wet and windy.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	24	75	Lisbon	S	29	84
Algiers	S	27	81	Locarno	F	22	72
Amsdm.	C	18	64	London	F	17	63
Athens	S	28	82	Luxmbg.	F	19	66
Bahrain	S	36	97	Luxor	S	41	106
Barclna.	F	25	77	Madrid	S	27	81
Beirut	S	29	84	Majorca	F	27	81
Belfast	R	12	54	Malaga	S	26	73
Belgrd.	F	25	77	Malta	S	27	81
Berlin	F	23	73	Mchstr.	C	16	61
Biarritz	C	20	68	Melbne.	C	15	59
Bmghm.	C	17	63	Milan	C	22	72
Blackp'l	C	17	63	M'ntreal	C	16	61
Bordx.	C	20	68	Moscow	F	27	81
Boulgn.	S	18	64	Munich	C	15	59
Bristol	F	19	66	Nairobi	S	21	69
Brussels	F	19	66	Naples	F	25	77
Budpst.	F	22	72	Nwcstl.	R	15	59
B. Aires	S	20	68	N. York	S	22	72
Cairo	S	36	97	Nice	F	25	77
Cardiff	F	18	64	Nicosia	S	[illegible]	[illegible]
Cas'b'ca	S	26	79	Oporto	S	28	[illegible]
Cape T.	C	19	66	Oslo	F	20	68
Chicago	C	20	68	Paris	F	18	64
Cologne	C	19	66	Perth	S	14	57
Cpnhgn.	F	25	77	Prague	F	22	72
Corfu	R	23	73	Reykjvk.	C	11	[illegible]
Dublin	R	15	59	Rhodes	S	[illegible]	[illegible]
Dbrvnk.	S	23	73	Rio J'o	C	[illegible]	[illegible]
Edinbgh.	C	13	55	Rome	C	25	77
Faro	S	29	84	Salzb'rg	C	17	[illegible]
Florence	C	25	77	Singapr.	S	30	[illegible]
Frankft.	C	18	64	Stckhm.	F	[illegible]	[illegible]
Funchal	S	23	73	Strasbg.	C	19	[illegible]
Geneva	F	20	68	Sydney	S	[illegible]	[illegible]
Gibrltr.	S	25	77	Tangier	[illegible]	[illegible]	[illegible]
Glasgow	R	13	55	Tehran	S	[illegible]	[illegible]
Guernsey	F	16	61	Tel Aviv	F	[illegible]	[illegible]
Helsinki	C	19	66	Tenerife	F	[illegible]	[illegible]
H. Kong	S	[illegible]	[illegible]	Tokyo	[illegible]	[illegible]	[illegible]
Innsbr'k	C	14	57	Toronto	C	[illegible]	[illegible]
Inverns	R	[illegible]	[illegible]	Tunis	[illegible]	[illegible]	[illegible]
I.o. Man	R	13	55	Valencia	[illegible]	[illegible]	[illegible]
Istanbul	S	[illegible]	[illegible]	Venice	[illegible]	[illegible]	[illegible]
Jersey	F	[illegible]	[illegible]	Vienna	C	[illegible]	[illegible]
Jo'burg	[illegible]	[illegible]	[illegible]	Warsaw	C	[illegible]	[illegible]
L. Plms	S	[illegible]	[illegible]	Zurich	C	[illegible]	[illegible]

C—Cloudy, F—Fair, R—Rain, S—Sunny

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هكذا من الأصل